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Japan

Further Reportage on U.S. Framework Talks

Auto Talks To Be Held on 2 June

OW2705111094 Tokyo KYODO in English 1053 GMT
27 May 94

[Text] Tokyo, May 27 KYODO—Japan will hold working-level talks with the United States in Washington next Thursday to find ways to increase U.S.-made auto and auto parts exports to this country, a Japanese trade ministry official said Friday [27 May].

The meeting is in line with Tuesday's accord between Tokyo and Washington to restart the stalled trade "framework" talks, said an official at the Ministry of International Trade and Industry (MITI) who declined to be named.

The official said the planned talks on auto trade, one of the three priority fields under the framework negotiations, will focus on setting "objective criteria" designed to gauge the openness of Japan's market.

The meeting will then be followed by subcabinet-level consultations expected to be held in Tokyo in the week starting June 5, the MITI official said.

Tokyo will not accept any objective criteria on auto trade that are tantamount to "numerical targets," the official said, apparently reflecting growing concern in Japan over a possible revival of the issue of numerical targets.

Under Tuesday's bilateral accord, the U.S. showed its explicit commitment not to seek any numerical targets in coming sectoral trade talks with Japan.

But U.S. Trade Representative Mickey Kantor soon said Washington will pursue "result-oriented" accords in sectoral talks, generating concern over the question of numerical targets among Japanese Government officials, including MITI Chief Eijiro Hata.

In Tuesday's talks, Tokyo and Washington refrained from defining numerical targets in order to get the deadlocked trade talks moving forward.

The MITI official said what the Japanese side considers numerical targets are quantitative pledges by the government regarding future trade performance and trade areas beyond government control.

Talks to establish a new trade framework have been put on hold since February's rupture over the definition of objective criteria.

The MITI official confirmed that Tokyo has accepted the latest U.S. request for including five additional trade areas in the priority fields of government procurement, insurance and trade in auto and auto parts.

Talks on the new areas—financial services, sheet glass, forestry products, intellectual property rights and competition policy—may begin next week, the official said.

Possible Revival of Numerical Targets

OW2705023994 Tokyo KYODO in English 0224 GMT
27 May 94

[Text] Tokyo, May 27 KYODO—International Trade and Industry Minister Eijiro Hata on Friday voiced concern over a possible revival of Japan-U.S. wrangling over "numerical trade targets." Failure to define numerical targets in the latest bilateral talks has left "a source of contention" for upcoming sectoral trade negotiations, Hata told a news conference.

Japan and the United States agreed Tuesday to restart the stalled trade "framework" talks in the three priority fields. In the accord, Washington pledged not to seek numerical targets for "objective criteria" in measuring the openness of Japan's markets. But both parties avoided a definition of numerical targets, a chief factor that has divided them since February, apparently placing more emphasis on getting the deadlocked talks moving again.

Hata said what to use or not to use for objective criteria will be decided in the upcoming trade talks on a sector-by-sector basis. Criteria to be set should not be close to the idea of numerical targets, Hata added.

Immediately after Tuesday's accord to reopen the bilateral trade talks, a senior Japanese trade ministry official said he is convinced that a major hurdle for establishing a new trade framework between Japan and the U.S. has been cleared with Washington's commitment not to seek numerical targets. But U.S. Trade Representative Mickey Kantor said Washington's trade stance regarding Japan remains unchanged, noting it will pursue "result-oriented" accords on sectoral talks.

Turning to utility charges, the trade minister indicated conditional support for extending the current discounted rates beyond the expiration of September 30. Charges on gas and electricity were cut last fall as part of efforts to pass on to consumers windfall profits from the yen's sharp appreciation against the dollar. The discount should be taken as a temporary measure and whether or not to keep the current rates is basically a matter for the private sector, Hata said. But the discount could remain in place depending on exchange rates and crude oil prices, Hata said.

Hata welcomed the latest U.S. decision to extend China's most-favored-nation trade status, saying China's economy will be "vitalized."

Insurance Talks Set for 1-2 Jun

OW2705025594 Tokyo KYODO in English 0244 GMT
27 May 94

[Text] Tokyo, May 27 KYODO—Japan and the United States will hold talks on insurance in Tokyo on June 1

and 2 under the resumed "framework" trade talks, Finance Minister Hirohisa Fujii said Friday.

But Fujii told a news conference after a morning cabinet meeting that he has not heard about financial services in denying a reported U.S. intention to begin talks in that area together with insurance.

The Finance Ministry is in charge of negotiations for insurance and other financial areas.

On the insurance, Fujii suggested that Japan would not offer any new commitments. "We must pin our utmost efforts to realizing the positive steps" included in the March market-opening package, he said.

The package promises deregulation and simpler licensing in Japan's insurance business.

The two nations agreed in informal talks earlier this week to reopen bilateral trade talks that have been ruptured since February.

The breakthrough came on consensus over creating both qualitative and quantitative yardsticks instead of imposing numerical targets to assess Japan's market access on each of the negotiation sectors.

The insurance business is one of the three priority areas alone with automobile and auto parts and government procurement of telecommunications and medical equipment.

Turning to domestic issues, Fujii said a "clue" for solving bad-loan problems was observed at the previous day's release of the fiscal 1993 business results by major commercial banks.

Japan's 11 major commercial banks said they wrote off some 2 trillion yen worth of domestic bad loans, more than double the amount of the previous year.

The total amount of bad loans—with bankrupt borrowers or on which no interest has been paid for six months or more—inched up to some 9 trillion yen, and most bank officials said the emergence of new nonperforming loans has peaked.

Fujii said he welcomes the banks' efforts to reduce the amount of bad loans.

Referring to the consumer price index reported at the cabinet meeting, the finance minister said, "I got the impression that prices remain low both in Tokyo and nationwide."

The Management and Coordination Agency reported that May consumer prices in Tokyo rose 0.6 percent from the year before but the rate of gain shrank 0.2 percentage points from the previous month, with the consumer price index (CPI) standing at 107.5 on a 1990 basis of 100.

Prices nationwide in April rose 0.8 percent from a year earlier and gained 0.2 percent from March, with the CPI standing at 107.3.

Foreign Minister Hails U.S. Extending PRC MFN

OW2705022894 Tokyo KYODO in English 0219 GMT 27 May 94

[Text] Tokyo, May 27 KYODO—Japan on Friday [27 May] hailed the U.S. decision to extend China's most-favored-nation (MFN) trade status as a favorable development to the Asia-Pacific region.

"Japan welcomes the latest decision as it believes U.S.-China relations are very important to the Asia-Pacific region," Chief Cabinet Secretary Hiroshi Kumagai said at a news conference.

U.S. President Bill Clinton, in a major shift in his China policy, announced Thursday he has decided to extend China's MFN status despite continuing "serious human rights abuses" in China.

The top Japanese Government spokesman said Washington has informed Tokyo in advance of its decision to extend China's MFN status through diplomatic channels.

Foreign Minister Koji Kakizawa said at a separate news conference that he welcomes the U.S. decision.

He said Japan will continue to press China to improve its human rights record.

Hata Denies Promising U.S. Permanent Tax Cuts

OW2605152094 Tokyo KYODO in English 1501 GMT 26 May 94

[Text] Tokyo, May 26 KYODO—Japanese Prime Minister Tsutomu Hata flatly denied press reports Thursday [26 May] that he promised the United States last month to implement continuous income tax cuts over a three-year period.

"I couldn't have easily given such a promise at the time, as it would have had to be followed through by the incoming government. Common sense rules out such an idea," Hata said.

"Such expectations were voiced but how could I give such a promise," he added.

In its Thursday evening issue, the Japanese business daily NIHON KEIZAI SHIMBUN quoted a high-ranking U.S. Government official as saying Hata promised the permanent tax cuts to U.S. Trade Representative Mickey Kantor when they met at the signing ceremony for the Uruguay Round of multilateral world trade talks in Marrakesh, Morocco, in April.

Hata, then still foreign minister under Prime Minister Morihiro Hosokawa, reportedly agreed to a three-year

lag between the implementation of income tax cuts and the introduction of new taxes to boost Japan's economy.

The daily also reported that Washington takes the alleged Hata promise as a premise for resumption of the stalled framework talks on bilateral trade.

Kono, Mondale Agree on Dialogue With DPRK

*OW2705110994 Tokyo KYODO in English 1020 GMT
27 May 94*

[Text] Tokyo, May 27 KYODO—Yohei Kono, president of the largest opposition Liberal Democratic Party (LDP), and U.S. Ambassador to Japan Walter Mondale agreed Friday [27 May] that persistent negotiations with North Korea are necessary to deal with Pyongyang's suspected nuclear arms development, LDP officials said.

Kono, meeting with Mondale at LDP headquarters in Tokyo, said he hopes the issue will be resolved through dialogue involving China, Japan, South Korea and the United States, the officials said.

"Our country is within the range of North Korean missiles, and people of North Korean origin are also living here. We should not react eccentrically," Kono was quoted as saying of speculation that Pyongyang would attack Japan at any moment.

Mondale said the basic U.S. stance is to continue talking with North Korea, maintaining close contact with Japan and negotiating with South Korea and the United Nations, according to the officials.

They met for the second time at Mondale's request, following a meeting last October, they said.

Hata Alerts Diet To Prepare for DPRK Sanctions

*OW2605141894 Tokyo KYODO in English 1411 GMT
26 May 94*

[Text] Tokyo, May 26 KYODO—Prime Minister Tsutomu Hata hinted at legislation Thursday [26 May] to prepare for possible United Nations sanctions against North Korea in connection with Pyongyang's suspected nuclear weapons development.

"Japan would, as a matter of course, do what it can in response to (UN) sanctions if there is anything it cannot do because of lack of legislation," Hata said in answering questions before the House of Representatives Budget Committee.

The remarks referred to the possibility of emergency legislation to enable Japan to participate in possible sanctions against Pyongyang, which are likely to include blocking of sea routes.

Hata ruled out the possibility that Tokyo may resort to force, saying Japan will act within the framework of its war-renouncing constitution in a case of collective security under the UN banner.

Foreign Minister Koji Kakizawa told the same Diet committee session that it is impossible to give a whole-sale answer on how Japan would deal with a collective security case, saying a variety of situations could arise, such as calls for Japan to join UN peacekeeping operations or future UN forces.

Government To Sell Australian Rice in July

*OW2705112694 Tokyo KYODO in English 1018 GMT
27 May 94*

[Text] Tokyo, May 27 KYODO—The Food Agency said Friday [27 May] it will sell about 50,000 tons of Australian-produced rice throughout Japan in July.

The sale of the 1994-crop rice is intended to increase Japan's rice supplies and reduce market prices in order to facilitate auctions of Japanese-produced rice for free marketing outside government channels, agency officials said. The auctions are to be resumed in July.

For the same purpose, the agency will also sell a total of 100,000 tons of Japanese-produced rice from its emergency rice stockpile in July and August, the officials said.

The agency earlier announced a plan to supply 150,000 tons of Japanese-produced rice in each of the two months, and the total supply of such rice in the period is now expected to amount to 400,000 tons.

The domestic rice market is heating up following the 1993 rice crop failure that forced Japan to resort to emergency imports.

The government controls production and marketing of most Japanese-produced rice, but 40 percent is marketed freely outside government channels.

Medium-grain Australian rice is similar to Japanese rice and is likely to be popular among Japanese consumers, the officials said.

Hosokawa Expected To Testify on Financial Dealings

*OW2605143594 Tokyo KYODO in English 1426 GMT
26 May 94*

[Text] Tokyo, May 26 KYODO—Diet testimony by former Prime Minister Morihiro Hosokawa on his own controversial financial dealings seems unavoidable as expected testimony by his former aide is unlikely to disperse all suspicions, political sources said Thursday [26 May].

The ruling coalition finally agreed Thursday to opposition demands that Hosokawa's former aide, Masatoshi Miyama, be summoned to the House of Representatives Budget Committee.

Miyama's Diet testimony is likely to take place in the middle of June after the state budget for fiscal 1994 passes the lower house, the sources said.

Hosokawa is suspected of involvement in dubious financial deals, including a 100 million yen loan from scandal-tainted Sagawa Kyubin business group in 1982 and the purchase of shares in Nippon Telegraph and Telephone Corp. (NTT) in 1986.

As Hosokawa's former top secretary, Miyama likely handled most of the management of the former premier's personal funds but he could find it difficult to clarify all the allegations in a way that will satisfy questioners, the sources said.

Many leaders of ruling coalition parties say Hosokawa will probably have to testify himself to clear up suspicions, the sources said.

Hosokawa was forced to quit the premiership in April due to a stalemate in Diet deliberations on the state budget, chiefly caused by charges he might have been involved in the dubious transactions.

Hosokawa has said he properly paid back the 100 million yen loan to the Sagawa group by 1991, and denied he personally touched the NTT stock purchase.

But the Liberal Democratic Party (LDP) and other opposition parties suspect Hosokawa used the Sagawa money as undeclared political donations for his successful gubernatorial election campaign in Kumamoto Prefecture on Kyushu in western Japan.

A financial consultant who used to help Hosokawa told a news conference in the Diet that the former premier bought the shares himself.

The LDP, as the political party with the largest number of lower house members, has held the fiscal 1994 budget hostage for the past several months to push its demands for a full inquiry.

Due to an agreement on Miyama's testimony at a directors' meeting of the budget committee, however, the LDP proposed completing all discussions on the state budget in both chambers before the current Diet session ends on June 29, Diet sources said.

In lieu of the full budget, the government had to push through two stopgap budgets to cover the first three months of fiscal 1994 which started on April 1.

Group of Dietmen Planning Liberal Government

OW2605144394 Tokyo KYODO in English 1431 GMT 26 May 94

[Text] Tokyo, May 26 KYODO—Ten opposition members in the Diet met Thursday [26 May] in an effort to form an interparty political group in early June aimed at establishing a liberal government.

Among the 10 legislators were Katsuhiko Shirakawa, a House of Representatives member of the Liberal Democratic Party (LDP), the biggest opposition party, and

Seiichi Kaneta, also a lower house member of the Social Democratic Party [of Japan] (SDP) [SDPJ], the No. 2 opposition group.

The participants said they expect the new group to help establish a liberal government. They criticized the ruling coalition for practicing "totalitarian, high-handed way of management."

Meanwhile, the ruling coalition said they have agreed to allow two SDPJ members and two former members of the Japan New Party (JNP) to take part in its policy forum teams. The JNP led by former Prime Minister Morihiro Hosokawa is one of the ruling parties.

The four are Masanori Goto and Churyo Morii both of the SDPJ, and Seiji Machara and Yukio Edano, who bolted from the JNP.

They will join in the capacity of individuals, coalition officials said.

New Party Mirai Chief Says LDP-SDPJ Tie-Up Unlikely

OW2705065394 Tokyo KYODO in English 0622 GMT 27 May 94

[Text] Tokyo, May 27 KYODO—The Liberal Democratic Party (LDP) and the Social Democratic Party (SDP), the two principal opposition forces, are unlikely to forge a grand coalition, the leader of a minor political party predicted Friday [27 May].

"We don't expect the LDP and the SDP to get together and form a new government," Michihiko Kano of New Party Mirai said in a lecture.

Kano, who bolted the LDP with four others and launched the new conservative party in April, reasoned that it is "unnatural" for those with a different political philosophy to form a coalition.

A coalition between the LDP and the SDP, long archrivals under the LDP rule that ended last summer, would "be against the principle of political reform," said Kano, a former director general of the Management and Coordination Agency.

Noting the several months that will follow the passage of the fiscal 1994 national budget will be a critical stage for Japan's politics, he urged the formation of a "powerful" government to institute political, economic and administrative reforms toward the 21st century.

Mirai has generally supported Prime Minister Tsutomu Hata from outside the cabinet.

Cabinet Approves Itinerary for Emperor's U.S. Trip

*OW2705005894 Tokyo KYODO in English 0036 GMT
27 May 94*

[Text] Tokyo, May 27 KYODO—The Japanese cabinet Friday [27 May] approved the itinerary for Emperor Akihito and Empress Michiko's June 10-26 visit to the United States.

The ambitious schedule will take the imperial couple to 11 cities for visits with President Bill Clinton, UN Secretary General Butrus Butrus-Ghali and two former presidents, among other people.

The trip will also include visits to a number of historical, cultural and natural sites but notably will exclude a visit to Pearl Harbor, the site of Japan's surprise attack on U.S. forces there December 7, 1941.

The government dropped plans last week to visit the USS Arizona National Memorial at Pearl Harbor under pressure from conservative scholars and critics, who fear the emperor would be expected to give an apology for the attack that pulled the U.S. into World War II.

Instead, the imperial couple is scheduled to visit the Punch Bowl National Cemetery to lay a wreath in memory of the dead of the war in the Pacific.

The emperor and empress will embark on their trip June 10 for Atlanta where they will meet former U.S. President Jimmy Carter and the widow of Martin Luther King Jr., Coretta Scott King.

During a three-day stay in Washington, the imperial couple will be hosted as state guests by the Clintons, will attend a concert and reception at the Kennedy Center, and visit the Smithsonian Museum of Natural History.

Their schedule also includes a visit to the United Nations, a major league baseball game in St. Louis, a visit to the Rockies and a meeting with former U.S. President Ronald Reagan before going to Honolulu on June 10.

In 1960, then Crown Prince Akihito visited Pearl Harbor. The late Emperor Hirohito traveled to the island of Hawaii in 1975 as part of his American tour but did not go to Pearl Harbor.

The imperial couple is scheduled to return to Japan on June 26.

The emperor's entourage will include former Prime Minister Kiichi Miyazawa. The entire trip will cost some 190 million yen.

Finance Minister Reports Increased Overseas Assets

*OW2705004394 Tokyo KYODO in English 0030 GMT
27 May 94*

[Text] Tokyo, May 27 KYODO—Japan maintained its position as the world's top creditor nation for the third straight year in 1993, with its net overseas assets rising 18.9 percent to a record 610.8 billion dollars, a government report released Friday [27 May] said.

The report, presented by Finance Minister Hirohisa Fujii to the cabinet, appears certain to add fuel to calls from other Group of Seven (G-7) industrial nations for action to trim Japan's trade surpluses ahead of the G-7 summit scheduled for July in Naples.

The latest reporting year was the 12th straight year in which Japan's net overseas assets—overseas assets minus foreign liabilities—increased from the year-earlier level.

Gross overseas assets rose 7.2 percent to 2,180.8 billion dollars, of which more than 80 percent were held in the private sector in the form of overseas lending, factory, stock and property.

The growth in gross assets was fanned by a whopping 6.2 percent jump in assets held in stocks and bonds which Japanese investors purchased for long-term investment or a holding period of more than one year.

Private direct foreign investment or purchases of real estate and construction of factories climbed 4.7 percent to 259.7 billion dollars, reflecting an unabated trend among Japanese firms to shift production abroad.

In the public sector, foreign lending, such as Official Development Assistance (ODA), increased 17.4 percent to 103.6 billion dollars.

By maturity, long-term assets rose 7.4 percent to 1,412.9 billion dollars, while short-term assets grew 6.7 percent to 767.9 billion dollars.

Total liabilities edged up 3.2 percent to 1.57 trillion dollars for the first increase in two years as foreign investors boosted purchases of Japanese securities and Japanese firms increased loans in foreign currencies.

According to the latest data available, Germany and Britain are the only other net creditor nations among the G-7 nations. Canada, France, Italy and the United States are all debtor nations.

Germany had net foreign assets of 257.6 billion dollars at the end of June 1993, while Britain's net foreign assets totaled 521.3 billion dollars at the end of 1992.

Kakizawa Promotes Further Economic Deregulation*OW2705042494 Tokyo KYODO in English 0400 GMT 27 May 94*

[Text] Tokyo, May 27 KYODO—Foreign Minister Koji Kakizawa called Friday [27 May] for further economic deregulation to give foreign firms greater access to Japanese markets.

Kakizawa told a meeting of the government's task force for administrative reforms held at the official residence of Prime Minister Tsutomu Hata that Japan should promote deregulation in response to growing calls from overseas.

He noted that Japan and the United States have agreed to drop discussions on so-called "numerical targets" for Japanese imports of American products in resumed negotiations on a new framework for bilateral trade.

Kakizawa said deregulation should also be implemented in the expanding information and communications industry to promote competition on the market.

He said Cable News Network of the U.S. and the British Broadcasting Corp. are building up their footholds in Asia and Japan should join them in the race.

Maximum Tax Rate on Personal Income Unchanged*OW2605131894 Tokyo KYODO in English 1230 GMT 26 May 94*

[Text] Tokyo, May 26 KYODO—A tax reform subcommittee of the ruling coalition is expected to keep the maximum tax rate on personal income unchanged at 65 percent in working out tax cut plans to take effect in 1995, council officials said Thursday [26 May].

Under the plan, the income tax rate would be 50 percent and the residential tax rate would be 15 percent, the officials said.

The plan would also continue the present progressive tax system of levying the income tax in five stages of between 10 and 50 percent and the residential tax in three stages of between 5 and 15 percent.

The panel's discussions will now focus on a possible raise in the minimum taxable income to lighten the tax burden for people with low-incomes and an expansion of an income bracket to which a tax rate of 10-20 percent would apply, the officials said.

The latter proposal would reduce the tax burden for taxpayers with annual incomes of between 7 million and 12 million yen.

The government's tax commission last November proposed that the maximum tax rate on personal income be cut to 50 percent from the present 65 percent.

The proposal was widely criticized as benefiting the rich.

The 65 percent tax rate currently applies to taxable income of more than 20 million yen, after various deductions.

3-Year Period Between Tax Cuts, Rise Projected*OW2705072294 Tokyo KYODO in English 0653 GMT 27 May 94*

[Text] Tokyo, May 27 KYODO—The Finance Ministry is inclined to adopt income tax cuts three years before an offsetting consumption tax hike in line with a U.S. demand, a ministry report suggested Friday [27 May].

The report, submitted to the government's advisory panel, estimates net revenues in fiscal 2000, after the 6.2 trillion yen tax cuts are extended and the current 3 percent consumption tax is hiked to 7 percent to 10 percent from April 1997.

This represents a three-year lag until a future tax raise from already implemented tax cuts, which include 5.5 trillion yen in income and resident taxes, that are limited to the current fiscal year.

The ministry also called for net revenue increases beyond a consumption tax increase to 6 percent to cover the tax cuts, in order to fund heavier welfare burdens amid a graying society.

U.S. Treasury Secretary Lloyd Bentsen recently said the United States would endorse Japan's plan to link tax cuts with offsetting indirect tax hikes if the two measures are separated by at least three years.

The report will be a key reference for the tax commission, an advisory panel to the prime minister. It is scheduled to issue its proposals by the end of June, by which time Japan promised in its March market-open package to detail full-fledged tax reform.

Based on the panel's proposals, the government and the ruling coalition parties are to decide on reform, but uncertainties remain amid the yet-fluid political situation for the coalition parties holding minority Diet seats.

The ministry's report also poses various problems for the panel to use without further reviewing. The tax forum is to draft alternatives with concrete figures for presentation at regional hearings in early June.

The estimates exclude possible effects from fiscal and administrative reform and expected "natural" tax revenue increases despite the panel's intent to factor them into its alternatives.

Based on a 7 percent consumption tax, the report estimates a net tax revenue increase of 2 trillion yen in fiscal 2000. However, a revenue shortfall of 5.3 trillion yen results when 1.8 trillion yen in funds to repay "bridge" bonds and 5.5 trillion yen in increased welfare spending are included.

The "bridge" bonds are debts to finance the advance tax cuts, and the ministry wants to clear them in 10 years.

Welfare spending is based on a 21st century welfare vision issued in March by an advisory panel to the Health and Welfare Ministry.

A plan proposed in February by then Prime Minister Morihiro Hosokawa would have replaced the 3 percent consumption tax with a 7 percent "national welfare" tax.

The ministry sees a revenue surplus only with the 10 percent model, which would generate 700 billion yen.

Although not included in the models, the report estimates a "natural" increase in tax revenues of 2.8 trillion yen to 3.0 trillion yen based on a revenue elasticity rate of 1.1 and a nominal economic growth rate of 5 percent.

The ministry report noted that the government must secure funds for a planned increase in the amount of the 10-year, 430 trillion yen plan in public works spending started in fiscal 1991. Japan also pledged in its March package to decide on the boost by the end of June.

Ministry Panel To Propose Tax To Save Environment

*OW2705112794 Tokyo KYODO in English 1033 GMT
27 May 94*

[Text] Tokyo, May 27 KYODO—A Ministry of Finance panel will propose the introduction of an indirect tax aimed specifically at preserving the environment, ministry sources said Friday [27 May].

The proposal by a working group of the Institute of Fiscal and Monetary Policy, a think tank affiliated with the Finance Ministry, will be part of a package of recommendations on how to create a more environmentally friendly society through fiscal and monetary policy.

In a final report on the theme, to be issued in late June, the group will also urge the government and private firms to be more concerned with environmental conservation in their activities.

The proposed indirect environment tax would be added to the prices of manufactured goods, with the tax ratio set depending on the amounts of energy used to make the products.

The group will also recommend that private firms disclose data relating to their activities both benign and harmful to the environment, such as the amount of industrial waste generated and the amount of investment made for ecology preservation.

It will also ask the government as well as private banks to lend more to ecology-protecting projects and less to those focused only on economic interests.

Other ideas to be included in the report are the introduction of garbage-collecting fees and a review of the current farming methods that depend heavily on chemicals.

Farmers Demand Free Hand in Rice Production

*OW2605125794 Tokyo KYODO in English 1225 GMT
26 May 94*

[Text] Tokyo, May 26 KYODO—Japanese farmers demanded more freedom in producing and marketing their rice in a three-week series of hearings held nationwide by a government advisory council, government officials said Thursday [26 May].

The Agricultural Administration Council wound up the hearings Thursday with a session in Miyazaki, southern Japan.

The hearings were intended to solicit views of farmers and consumers to help the council work out plans for agricultural reforms, following Japan's agreement last December at the Uruguay Round of global trade talks to partially open its rice market.

Most participating farmers supported in principle the continuation of the nation's food control system, under which the government controls production and distribution of rice, the officials said.

But farmers sought greater freedom in allotting their rice stocks for free distribution. Currently, the government allows 40 percent of the nation's rice harvest to be freely marketed outside government channels by farmers' groups and rice dealers.

Most rice farmers and consumers also said rice should be stockpiled to deal with a poor rice crop, like the 1993 crop failure that forced Japan to resort to emergency rice imports.

Some said 1.5 million to 2 million tons of rice should be stockpiled, the officials said.

Rice Acreage To Rise to 2.2 Million Hectares in '94

*OW2605120494 Tokyo KYODO in English 1127 GMT
26 May 94*

[Text] Tokyo, May 26 KYODO—Japan's total rice acreage is likely to increase by about 80,000 hectares from last year to roughly 2.20 million hectares in 1994, reflecting revived enthusiasm among farmers to grow rice, the agriculture ministry said Thursday [26 May].

The Agriculture, Forestry and Fisheries Ministry said farmers turned enthusiastic after typhoons helped make for a poor harvest last year, leading the government to begin emergency rice imports.

According to a report by the Central Union of Agricultural Cooperatives (Zenchu), about 80,000 hectares are likely to be turned back into paddies in 1994.

Since the 1993 acreage was 2.13 million hectares, about 2.20 million hectares are likely to be cultivated for rice, ministry officials said.

If the crop index is 100 this year as in a usual year, approximately 11 million tons of rice harvest can be expected, about one million tons more than the yearly domestic demand.

After last year's poor harvest which saw the crop index down to 74, the ministry decreased the size of fields that were to be used for other crops.

For fiscal 1994 and 1995, the ministry lowered its target for such fields to 600,000 hectares.

Panel Encourages Competition in Telecom Industry

OW2705073694 Tokyo KYODO in English 0628 GMT 27 May 94

[Text] Tokyo, May 27 KYODO—A government panel issued a report Friday [27 May] suggesting that planned deregulation on Japan's telecommunications industry should be designed to nurture sound competition.

The report was submitted to Prime Minister Tsutomu Hata at a meeting of the Administrative Reform Promotion Headquarters headed by the premier.

The administrative reform task force has been studying deregulations in wide areas of industry to give foreign firms greater access to Japanese markets, and consequently to help reduce Japan's massive trade surpluses.

The report reviewed current regulations in the telecommunications and broadcasting fields, and said deregulation should be designed to create advanced systems for the 21st century like the "information superhighway" plan by the United States.

It particularly stressed the necessity of removing barriers between domestic and international telecommunications businesses.

Regional telecommunications service operators should be encouraged to participate in the field of long-distance services, which would increase sound competition, it said.

The report's recommendations will be included in a larger deregulation plan to be compiled by the end of June.

Sources at the panel said Hata voiced eagerness to carry out the deregulation plan, saying the telecommunications and information areas are vital for the world moving to a new century, and also important for Japan itself to create new businesses.

Foreign Minister Koji Kakizawa also participated at the panel meeting and said Japan should take part in the worldwide race of building new telecommunications and broadcasting systems.

Cable News Network of the U.S. and the British Broadcasting Corp. are strengthening their footholds in Asia and Japan should join them, he said.

Public Works Cost Differentials To Be Studied

OW2605121494 Tokyo KYODO in English 1147 GMT 26 May 94

[Text] Tokyo, May 26 KYODO—The Construction Ministry Thursday [26 May] decided to create a committee to study the public works cost differential between Japan and other countries, such as the United States, and ways of narrowing the gap.

The committee, led by vice minister Shigeo Mochizuki, will hold its first meeting on Friday.

The 12-member committee will draw up an action program by October or November on how to narrow differences in such areas as costs, personnel, materials and machinery.

The ministry last year compared the cost of Japanese materials, machinery and other areas in flood control projects with U.S. costs.

It found that costs in Japan were on average 30 percent higher than those in the U.S.

MITI Reports Industrial Output Rise of 1.5 Percent

OW2505103994 Tokyo KYODO in English 0833 GMT 25 May 94

[Text] Tokyo, May 25 KYODO—Japan's mining and manufacturing production for the January-March first quarter increased 1.5 percent from the previous period, registering the first rise in four quarters, the Ministry of International Trade and Industry (MITI) said Wednesday [25 May].

Shipments also scored the first growth in four quarters with a 1.9 percent climb, MITI said.

But the readings do not mean Japan's industrial activity recovered fully, a MITI official said, citing seasonal factors in the reporting quarter.

In the January-March period last year, industrial output also turned higher as corporations stepped up manufacturing activity before closing their book March 31, the official said.

Inventories dropped 1.9 percent in the first quarter for the second straight quarterly fall.

The inventory-to-sales ratio declined 4.2 percent, the first decline in three quarters, MITI said.

Firm To Introduce Parallel-Processing Computer

OW2505104094 Tokyo KYODO in English 0838 GMT 25 May 94

[Text] Tokyo, May 25 KYODO—NEC Corp. said Wednesday [25 May] it will introduce a new mainframe computer for parallel processing on the domestic market on July 1.

NEC said the computer, parallel ACOS AX7300, is equipped with multiple microprocessor units (MPUS), which make low-cost, high-performance parallel processing possible.

The mpus are based on complementary metal oxide semiconductor (CMOS) technology, which is used in personal computers, NEC said.

Existing mainframes use customized semiconductors.

NEC said eight models of the computer, at the low end of its mainframe computer line, will be available to companies for monthly rental charges from 580,000 yen, 40 percent lower than for existing mainframes.

The company controls 27 percent of Japan's mainframe market.

Bank Trying To Confirm 'Bottom' of Economic Downturn

OW2705053494 Tokyo KYODO in English 0450 GMT 27 May 94

[Text] Tokyo, May 27 KYODO—The Bank of Japan is trying to confirm a bottom to the economic downturn, Governor Yasushi Mieno indicated Friday [27 May].

He said, in a Tokyo speech sponsored by KYODO NEWS SERVICE, that he is closely monitoring economic activities since April to determine whether recent signs of improvement were one-time factors to the March-end of fiscal year.

"The basis for movement toward recovery is being prepared," he said. But he could not rule out the effect of fiscal year-end factors.

Among the recent bright signs in Japan's economy, Mieno cited improving consumption and production trends, but said more time is needed to see if they continue and spread to a general recovery.

The economy is in a better position than a year ago, when hopes of recovery were dashed by such factors as the soaring yen and bad weather, Mieno said, citing corporate stock adjustments, the support of fiscal and monetary stimulus and global economic improvement.

But he repeated concerns about volatile currency movements, employment and continuing balance-sheet adjustments, which he said are only half-way through. He noted that capital spending continues to decline and said he could not rule out an economic effect from the long delay in enacting the fiscal 1994 national budget.

Mieno also denied that leading industrial nations have a secret agreement to coordinate their interest rate policies, saying finance leaders of the Group of Seven (G-7) countries have been misunderstood.

Within the broad goal of promoting sustainable growth without inflation, each G-7 central bank determines credit policy based on its own country's economic conditions, he stressed.

G-7 finance ministers and central bankers agreed at a recent Washington meeting to stay in close contact and cooperate on their common aim, but Japan is "absolutely not following any other country's monetary policy," Mieno said.

Market players have interpreted recent rate hikes in the United States, cuts in Germany and the Bank of Japan's guiding of market rates to record lows as a concerted effort to boost the dollar and curb the yen and mark.

BOJ Sees 4.1 Trillion Yen Net Liquidity Surplus

OW2705040994 Tokyo KYODO in English 0347 GMT 27 May 94

[Text] Tokyo, May 27 KYODO—The banking system will see a net liquidity surplus of 4.10 trillion yen in June, the Bank of Japan (BOJ) said Friday [27 May].

The projected surplus, excluding government bond issuance, reflects a 6.20 trillion yen net inflow of treasury funds, against a net drainage from the system of 2.10 trillion yen in cash.

The 4.10 trillion yen surplus compares with a 3.99 trillion yen net surplus seen a year earlier.

The central bank said the cash outflow will be caused by summer bonus payments for civil servants and private-sector employees.

The outstanding cash balance is projected to increase 5.7 percent at the end of June from a year earlier.

Redemption of government bonds, meanwhile, will be a major booster for treasury fund inflows, the bank said.

EPA Head Says Economy Still in 'Slump'

OW2705022694 Tokyo KYODO in English 0141 GMT 27 May 94

[Text] Tokyo, May 27 KYODO—Japan's economy remains in a slump with no bottom yet in sight, although an end is probably on the way, the economic planning chief said Friday [27 May].

Yoshio Terasawa, director general of the Economic Planning Agency (EPA), said his view "has not changed much" from a month ago, when he pronounced the economy to be in an "extremely severe" state at the outset of the cabinet of Prime Minister Tsutomu Hata.

"As of now, we can't see the bottom," Terasawa told a regular news conference after a morning cabinet meeting.

But he said he finds himself on the verge of declaring the economy to be "brightening" as such signs as consumption improve.

He noted such continued worries as falling capital spending but said, "there are not so many gloomy figures, so the bottom should be coming some time."

Terasawa also said he sees no connection between talk of raising the consumption tax from 3 percent as part of a broad tax system overhaul, and Hata's order to freeze hikes in public service charges for the rest of the year.

Store Sales Drop for 23d Straight Month

OW2705060094 Tokyo KYODO in English 0541 GMT 27 May 94

[Text] Tokyo, May 27 KYODO—Sales at large-scale retail stores in April dropped 3.5 percent from a year earlier for the 23rd straight month due to sluggish consumer spending resulting from the recession, a government report said Friday [27 May].

The Ministry of International Trade and Industry said combined sales at 421 department stores and 2,056 supermarkets across the nation totaled 1,705.40 billion yen.

Department sales accounted for 867.80 billion yen, down 2.9 percent from a year before, falling for the 26th straight month.

Sales at supermarkets dropped 4.0 percent to 837.70 billion yen, posting the 21st straight month of decline.

The ministry said sales of clothing, the mainstay item at department stores, declined 2.0 percent, while those of foods and beverages were down 2.6 percent.

Sales of furniture by department stores plunged 9.1 percent and sales of household goods declined 4.8 percent, it said.

Department stores' sales of home electrical appliances posted a 3.0 percent fall.

At supermarkets, clothing sales dropped 5.4 percent from a year earlier while sales of foods and beverages declined 3.4 percent, the ministry said.

Sales of household goods were down 6.5 percent while those of furniture and electrical appliances dropped 1.9 percent and 2.0 percent, respectively.

The ministry said combined sales at department stores and supermarkets in 13 major cities registered a 3.1 percent fall from a year earlier.

Sales at department stores in these cities declined 2.9 percent while supermarket sales were down 3.4 percent, the ministry said.

North Korea

Gore's Remarks on Nuclear Issue Denounced

SK2605151094 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 26 May 94

[Text] According to a report, in his recent television program, U.S. Vice President Gore has made an absurd remark by saying that continuing talks with North Korea is dangerous, and that the steps taken by the United States to strengthen security for South Korea is wise. This is a challenging remark to create obstacles to resolving the nuclear issue on the Korean peninsula, as well as to further lead the situation of the Korean peninsula to the crisis situation. [chongseul wigisanghanguro]

Judging from the open remarks made by U.S. hardline conservative forces indicating that continuing talks with the DPRK is dangerous, they are not interested in resolving the nuclear issue, but rather plot to isolate and crush [apsal] us by force. The U.S. hardline conservative forces' pursuing its unchanged policy of crushing Korea and of regarding it as an enemy has been well disclosed in the open remarks made by U.S. Senator McCain, at the Senate on 24 May demanding that the United States execute a policy of force [wanryok chongchaek], such as carrying out an air raid on the North Korean nuclear facility or attacking it with cruise missiles. Such violent remarks by the U.S. hardline conservative forces regarding war can never be forgiven because their remarks are very dangerous ones that make it possible to bring about an unpredictable situation [yechuhal-suopnun satae] on the Korean peninsula.

KCNA Rebukes Gore Remarks

SK2705055494 Pyongyang KCNA in English 0517 GMT 27 May 94

["Intolerable Challenge"—KCNA headline]

[Text] Pyongyang, May 27 (KCNA)—U.S. Vice-President Albert Gore reportedly appeared on a TV program recently and let loose a string of balderdash saying it is dangerous to continue talks with North Korea and that the steps taken by the United States to strengthen security for South Korea are "wise" ones.

This is a provocative outburst intended to create obstacles to a solution of the nuclear issue on the Korean peninsula and bring the situation further to a phase of crisis.

Judging from the U.S. hardline conservative force's open remarks that it is dangerous to resume the talks with the DPRK, one can see clearly that they are not interested in a negotiated settlement of the nuclear issue but are scheming to isolate and stifle the DPRK with strength.

The dangerous military situation prevailing on the Korean peninsula today shows that the DPRK's negotiation proposal to establish a durable peace arrangement

which will replace the military armistice body in Korea is just and timely, and it urgently requires that the proposal be carried into effect at an early date.

The United States must realize that to respond to the DPRK's peace initiative, instead of clinging to adventurous military action against it, is a reasonable view either in view of the interests of the United States itself or in view of the guarantee of regional peace.

The United States must opt a package solution to settle the nuclear issue on the Korean peninsula and normalize relations with the DPRK, true to its declaration before the world through the DPRK- U.S. joint statement.

KCNA Reports 25 May U.S. 'Aerial Espionage'

*SK2705061294 Pyongyang KCNA in English 0445
GMT 27 May 94*

[Text] Pyongyang, May 27 (KCNA)—The U.S. imperialists on May 25 committed photographing and electronic reconnaissance on the whole areas of the northern half of Korea by letting a Japan-based RC-135 strategic reconnaissance plane make high-altitude flights above Tokjok island, Yangpyong and Yangyang areas of South Korea, according to military sources.

That day, an overseas-based E-3 early warning plane flew into South Korea to command in an allround way flying corps involved in a war gamble and committed an aerial espionage on the northern half of Korea, and two RV-1 army tactical reconnaissance planes also made an aerial espionage on the frontline and coast line areas of the North side, flying above the area of the military demarcation line.

These are premeditated military provocations of the U.S. imperialists to carry their northward invasion scheme into effect.

23-24 May U.S. 'Bombing Exercises' Reported

*SK2605103794 Pyongyang KCNA in English 1001
GMT 26 May 94*

[Text] Pyongyang, May 26 (KCNA)—The U.S. imperialists committed long-distance non-stop bombing exercises against the North by formations of overseas-based pursuit-assault planes and VTOL assault planes in the sky above Yongwol and Pyongchang areas of South Korea on May 23 and 24, according to military sources.

A P-3 anti-submarine plane based in Japan made a low and an ultra low flight in the sky above the East and West Seas of Korea on May 23.

On the 23rd and 24th, scores of armed helicopters and transport helicopters of the South Korean puppet army staged ground attack supporting and airlifting operation exercises in the sky above the areas adjacent to the demilitarized zone of the Military Demarcation Line in Paju and Yonchon of Kyonggi Province and Chorwon of

South Korean Kangwon Province, and large-calibre artillery units of the puppet army fired more than 200 shells at the same areas.

A group of tanks of the puppet army fired dozens of shells at the opposite bank of the Imjin River in Paju County on May 23, and armed bandits of the puppet army fired hundreds of bullets by large-calibre machine-guns and automatic rifles toward the Military Demarcation Line on May 24.

SKNDF Issues Statement on Nuclear Issue

*SK2605153494 Pyongyang KCNA in English 1524
GMT 26 May 94*

["The U.S. Urged To Choose Package Solution"—KCNA headline]

[Text] Pyongyang, May 26 (KCNA)—The Central Committee of the South Korean National Democratic Front (Hanminjon) [SKNDF] released a letter on May 18 exposing the nuclear clamour of the U.S. imperialists and its followers, according to the Seoul-based radio Voice of National Salvation.

The letter consists of "1. Escalation of 'Nuclear Issue'", "2. Fabrication of 'Nuclear Suspicion'" and "3. Recipe for Solution to Nuclear Issue on the Korean Peninsula."

Noting that "the nuclear issue" of the North of Korea is an offspring of the premediated and systematic anti-DPRK nuclear clamor raised by the United States to stifle the North, the letter says such criminal moves have been escalated through the stages of the rumor about "nuclear development sign," the rumor about "nuclear development" and the rumor about "possession of nuclear weapons."

The rumor about "nuclear development sign" invented by the United States boils down to the allegation that "a large-scale research complex surrounded by anti-aircraft guns was found in Yongbyon, which is classified as nuclear facilities designed to manufacture nuclear bombs," "a 30 mw reactor is in operation, which seems to be for military use as there is no power cable there," "a newly-built long building is guessed to be reprocessing facility" and "the new puddles on the shores of the River Kuryong are surmised to be traces of high explosion test."

Hans Blix, director-general of the International Atomic Energy Agency, told a press conference in Beijing that the nuclear inspection proved the nuclear facilities of the North are used for peaceful purpose and that they "have found no reliable evidence of nuclear arms development" in the North.

Failing to deceive the world people with the rumor about "nuclear development sign," the United States summoned IAEA inspectors to Washington to frame another plot, the rumor about "nuclear arms development." It spread the rumor that it "found out that North Korea

reprocessed nuclear fuel in [words indistinct] and early 1992" and instigated IAEA officials to suddenly insist on "inconsistencies in principle" between the DPRK's initial report and the result of the IAEA's measurement in the quantity of plutonium extracted from fuel rods.

With the rumors about "nuclear development sign" and "nuclear arms development" ineffective, the United States resumed the once suspended Team Spirit nuclear war exercises and egged the IAEA on to try to force the North to accept "special inspection" of its military sites. Then, it began spreading another false report that the North "has produced nuclear weapons and hid them." In an attempt to justify the false report, the United States, availing itself of the name of Russia's KGB and the British intelligence agency, alleged that the North "manufactured small nuclear bombs and concealed them in a silo."

The United States is now trying to justify the rumor about "the North's possession of nuclear weapons" spread by itself.

The letter says the U.S. and South Korean rulers have left no stone unturned in their efforts to accuse the North of "nuclear arms development."

"The nuclear suspicion" against the North was fabricated and spread by the U.S. intelligence authorities. It started in July 1989 when a false information that "the North's nuclear arms development facilities were snapped" by a U.S. paper THE WASHINGTON POST. In a bid to give objectivity and credibility to it, the U.S. intelligence authorities opened to the public in September 1989 a photograph allegedly taken by the French orbiting observatory spot.

Nuclear experts, however, said the picture taken by the intelligence satellite lacks clearness for distinguishing the shapes, holding that the capability of the satellite was exaggerated.

Director of the U.S. CIA James Woolsey is now alleging "the North not only has enough plutonium for manufacturing a nuclear bomb but also will have plutonium enough to produce an A-bomb at intervals of four or six weeks by next year when it has a 25 mw reactor far bigger than the existing one."

Informations concocted by intelligence services are reproduced on an enlarged scale by government mouthpieces.

As regards the North's "nuclear issue," government mouthpieces of South Korea and the West described the 5 mw experimental conversion reactor in the North as "a 30 mw reactor" (South Korean CHOSON ILBO and HANKUK ILBO), the two commercial reactors now under construction as "completed reactors for the production of plutonium" (TONG-A ILBO) and the radiochemical laboratory under construction as "reprocessing facility in operation" (the U.S. ABC and Japanese ASAHI SHIMBUN.)

Distorted Reports Are Added to Exaggerated Reports.

When the result of the first nuclear inspection proving that the North's nuclear facilities were peaceful ones was published at a meeting of the board of governors of the IAEA in June 1992, the South Korean ambassador in charge of atomic energy cooperation told reporters "the suspicion was proved." Then, nearly all the venal papers of South Korea and no small number of foreign media flashed the false news that "the North's nuclear facilities have been proved to be for the production of nuclear weapons and to be reprocessing facilities."

THE WASHINGTON POST carried a groundless report that North Korea was "moving the reprocessing facilities in Yongbyon with trucks," while TONG-A ILBO said North Korea was "operating uranium-enriching facilities."

Today the Heritage Foundation of the United States, the technical information centre of Tokai University of Japan, the Defense Development Institute of South Korea and other unprincipled institutes and pretended scholars are inventing various presumptions to spread "nuclear suspicion," branding all the peaceful nuclear facilities of the North as military ones.

They are now spreading various rumors—the graphite reactor is for the production of nuclear bombs because it can turn out more plutonium than other reactors.

While circulating such rumors, the U.S. authorities have appeared on the stage to make "the North's nuclear issue" a serious, pending political issue.

The U.S. authorities formed a high-level policy mediation team, a permanent organization for consulting and adjusting the positions of departments in the administration to deal with "the nuclear issue of the North" on the governmental level by closely combining diplomacy with military.

Meanwhile, the United States uses the South Korean and Japanese authorities as its lackeys in politicizing "the nuclear issue of the North." It summoned No Tae-u to Washington in July and September 1991 and ordered him to deal with "the nuclear issue" as a pending issue in inter-Korean relations. The South Korea-U.S. summit talks in Seoul in July 1993 and in Washington in November 1993 Clinton decided with Kim Yong-sam, to further strengthen "close cooperation and cooperation system between South Korea and the United States."

The United States dispatched secret envoys to Tokyo in March and May, 1991, to urge Japan to take a joint action with South Korea and the United States in the negotiations for diplomatic relations with the North and restrain from economic assistance until the North received nuclear inspection. At the summit between Bill Clinton and Morihiro Hosokawa in February last, they came to an agreement that resolute measures including sanctions are necessary unless the North accepts nuclear inspection."

Under the manipulation of the United States, the South Korean and Japanese authorities have acted a shock brigade in the nuclear clamour.

The United States has enlarged "the nuclear issue of the North" as an international issue by mobilizing its allies with the "cooperation system" of the U.S., Japan and South Korea as the axis and international organizations under its influence.

After bringing "the nuclear issue of the North" to the United Nations by abusing the IAEA, it had an unreasonable "resolution" demanding nuclear inspection of the North adopted at the 48th UN General Assembly session in November last year. And it invented "a presidential statement" of the UN Security Council on March 31, 1994, demanding the "completion of inspections." It intensified pressure upon Pyongyang, setting a deadline and threatening many-sided "sanctions" against it.

"The nuclear issue" fabricated by Washington is "a means of stifling socialism of the North by collective sanctions as the "strategy of peaceful transition" is impossible to destroy it" and "nuclear inspection" is "preliminaries for detecting the North's military facilities to disarm, incapacitate and open it under the pax-Americana order."

The United States must not try to use the fictitious "nuclear issue of the North" for destroying the North's socialism, selling arms to South Korea and maintaining its troops and nuclear weapons in South Korea but choose package solution for resolving the Korean nuclear problem and normalizing ties with the DPRK as it announced to the world in the DPRK-USA joint statement.

SKNDF Denounces ROK, Japan on 'Nuclear Armament'

SK2705102994 Pyongyang KCNA in English 1012 GMT 27 May 94

[**"Nuclear Armament of S. Korea and Japan Denounced"**—KCNA headline]

[Text] Pyongyang, May 27 (KCNA)—A spokesman for the Central Committee of the South Korean National Democratic Front (Hanminjon) [SKNDF] made public a statement denouncing the South Korean puppets and the Japanese authorities for trying to accelerate their nuclear armament by a new method, according to a report of radio Voice of National Salvation from Seoul.

Noting that the South Korean and Japanese authorities who have concealed their moves for nuclear armament for the recent several years and acted as shock brigades in the U.S. nuclear row against the DPRK announced the development of a new modified version of light-water reactors simultaneously, the spokesman said: This is a trick to evade the denunciation of the world public

away from them in a crafty way and press on with the development of nuclear weapons.

The modified version of light water reactors the South Korean and Japanese authorities are intending to develop are plutonium reactors under changed name, he noted, adding: The South Korean and Japanese authorities must not employ petty tricks but give up, first of all, the development of the modified version of light-water reactors and fast-breeder reactors intended to deceive the world opinion, and dismantle the heavy-water reactors and reprocessing facilities now in use for the development of nuclear weapons.

The spokesman expressed the hope that the governments, political parties, organisations and peaceloving people of all countries will look squarely at the substantial moves of the South Korean and Japanese authorities for nuclear armament and lift up louder voices to check them.

SKNDF: ROK 'Working Overtime' on Nuclear Arms

SK2705113494 Pyongyang KCNA in English 1057 GMT 27 May 94

[**"Kim Yong-sam Group's Criminal Act of Throwing People Into 'Nuclear Hell'"**—KCNA headline]

[Text] Pyongyang, May 27 (KCNA)—The Central Committee of the South Korean National Democratic Front (Hanminjon) [SKNDF] in a protest message to the traitor Kim Yong-sam May 23 accused the traitor of his treason in doing harm to the fellow countrymen and working overtime to develop nuclear weapons and provoke a nuclear war for destroying the nation in league with outside forces, the Seoul-based radio Voice of National Salvation reported.

Referring to the treacheries committed by Kim Yong-sam against the fellow countrymen, hand in glove with foreign forces, the message said the present regime had tried hard to strengthen an "international cooperation system" designed to stifle the North, where fellow countrymen live, and made the Korean peninsula a theatre of scramble of nuclear powers by taking the unfounded "nuclear issue" of the North even to the United Nations, regarding the "system of cooperation with the U.S. and Japan" as the main axis.

Criticizing the traitor Kim Yong-sam's perfidious acts of reversing the North-South joint declaration on denuclearisation and racing headlong along the road of nuclear armament, the message said the present "civilian" regime is not only extracting a large amount of nuclear materials from the Wolsong heavy water reactor and Taedok multi-purpose research reactor, plutonium-yielding reactors built by the preceding military regimes, but also promoting even the development of a fast breeder reactor, openly crying for "nuclear sovereignty" to justify its development of nuclear weapons.

Kim Yong-sam's criminal acts to stifle the fellow countrymen and throw the people into a "nuclear hell" cannot be tolerated any longer, the message said, and added: In case one of the nine atomic reactors operating in South Korea and nuclear waste accumulated there should explode in actuality, they would emit radioactivity that may cause a hideous pollution more than 10,000 times as great as the total pollution at the time of A-bomb dropping on Hiroshima and Nagasaki.

Talk Stresses Government Stance on Nuclear Issue

SK2705052894 Pyongyang Korean Central Broadcasting Network in Korean 1000 GMT 25 May 94

[Unattributed Talk: "Our Principled Stance on the Nuclear Suspicion Commotions"]

[Text] The great leader comrade, in his answers to questions raised by the director general of the PRENSA LATINA News Agency of Cuba, has expounded extensively on our principled stance on the nuclear suspicion commotions perpetrated by the reactionaries at home and abroad while finding faults with us.

The great leader Comrade Kim Il-song has taught: The government of our Republic is striving consistently to realize the denuclearization of the Korean peninsula. It is a consistent stand of our party and the government of our Republic to realize the denuclearization of the Korean peninsula.

We have already put forth on several occasions the most reasonable and fair proposals and suggestions for the denuclearization of the Korean peninsula and are doing all we can for its realization. However, the United States and the South Korean authorities are viciously clinging to the anti-Republic commotions, finding fault with the fictitious nuclear issue of ours. The nuclear suspicion commotions staged by the United States and the South Korean authorities while absurdly placing blame on us are an extremely unjust act that will never get through anywhere.

Its purpose is to strengthen the country's power industry base while speaking of our country's nuclear activities. Our nuclear program is, to all intents and purposes, peaceful. We have clarified more than once that we have neither any intention nor capability to develop nuclear weapons. The whole world knows about this. As a matter of fact, we feel no need to develop them and, even if we were to manufacture one or two of them, they would be useless.

The nuclear issue on the Korean peninsula has been raised by the United States, not by us, which brought in the nuclear weapons into South Korea and posed the nuclear threats against us. As has already been exposed, the United States occupied South Korea, a strategic point, and brought massive nuclear weapons into South Korea from the mid-1950's to realize its aggressive Asia-Pacific strategy opposing our Republic. Since then,

South Korea has been turned into a nuclear advanced base which is the largest in the Far East region in which some 1,000 U.S. made-nuclear weapons of various type are deployed. In order to make a preemptive nuclear attack on us, extremely dangerous nuclear war exercises, such as the Team Spirit joint military exercise, are continuously staged in South Korea.

This shows that the nuclear issue on the Korean peninsula has cropped up entirely due to the United States and the South Korean authorities. This is also clear proof that the nuclear threat comes from the South, not from the North. Regardless, the United States is frenzied in the nuclear suspicion commotions while placing blame on us. In recent years, the Cold War has ended internationally and the non-aggression agreement and the joint declaration on the denuclearization of the Korean peninsula have been adopted between the North and South. Under such conditions, the United States has lost any justification for the presence of the nuclear weapons and aggressive troops in South Korea. Therefore, the United States has conjured up a fictitious nuclear suspicion about us and is deliberately increasing the tension on the Korean peninsula to a critical point so as to trump up an excuse for a continued occupation of South Korea and in order to isolate [korip] and crush [apsal] our republic which is advancing under the banner of socialism. The South Korean authorities are also frenzied in the new war provocation maneuvers, following the U.S. nuclear commotions, to crush the fellow countrymen with swords borrowed from outside forces so as to achieve reunification by prevailing over communism.

The United States and the South Korean authorities, the ones who brought the issue of nuclear threats on the Korean peninsula, are perpetrating the nuclear suspicion commotions by placing blame on us who have neither will nor capacity nor need to develop nuclear weapons. This is an act like a thief turning on the victim with a club and should never be tolerated.

Since the nuclear issue on the Korean peninsula has stemmed from the United States' hostile policy towards the DPRK, it must be resolved through dialogue between us and the United States. The United States also admitted the need and negotiated with the DPRK last year. The joint statement agreed upon and published by both sides at the talks points out explicitly that the United States should not pose nuclear threats against us; that both countries should respect each other's sovereignty and should not interfere in domestic affairs; and that they support the peaceful reunification of Korea. However, the United States has overturned the agreements it reached with us and brought the DPRK-U.S. talks to a rupture, driving the situation in our country to extremity and setting even international organizations in motion to put pressure upon us. This shows that the United States is persistently adhering to the anti-Republic maneuver even after the announcement of the DPRK-U.S. joint statement.

However, pressure can never be a solution to the problem. It is a miscalculation if it thinks that our people who regard independence as their lifeblood, will be brought to their knees by means of pressure and force. If the United States continues to clamor for putting pressure on our republic, we will be compelled to take due measures of self-defense to safeguard the dignity of our nation and the sovereignty of our country.

Whether the nuclear issue on the Korean peninsula is resolved in a peaceful way or not depends entirely on the attitude of the United States. If the United States sincerely wishes the resolution of the nuclear issue on the Korean peninsula, it must suspend the international pressure commotions against our republic and take a sincere attitude towards the DPRK-U.S. talks. International organizations must not comply with the unjust demands of a big country, but abide by the principles of justice and fairness to render contribution to the resolution of the nuclear problem on the Korean peninsula.

ROK Denounced for Participation in Rimpac

*SK2705140994 Pyongyang Korean Central
Broadcasting Network in Korean 1225 GMT 26 May 94*

[NODONG SINMUN 26 May commentary: "Servants of Aggressors"]

[Text] As is known, the South Korean puppet navy will participate in the Rimpac joint operation—which will be conducted in the western waters off the Pacific from late May to the mid-July—by being assigned to a combined fleet of the U.S. Navy and the Japanese self-defense navy.

Japan, since 1980, and the South Korean puppets, since 1990, have participated in the joint military exercise, which has been conducted every two years in the Pacific Ocean under the baton of the United States since the early 1970's. This will be, however, the first time the puppet South Korean Navy will participate in the joint operation, thus being assigned to the combined fleet of the United States and Japan.

Regarding this, an official of the Japanese Defense Agency made it plain that the joint operation in Rimpac will be a political message to North Korea's nuclear program. This shows that the joint operations by the United States, Japan, and South Korea in the Rimpac joint military exercise are a dangerous military action directed at our Republic.

It is well-known that the Rimpac joint military exercise—in which the United States' massive armed forces, including the armed forces of the countries of the Asia-Pacific region that follow the United States, will participate—is a product of the United States' aggressive global strategy and its ambition to dominate the world, and that it is also the commotion of nuclear war based on its aggressive plan to strengthen its naval strategy and to raise the nuclear attack capability in the Asia-Pacific region.

In particular, the United States has intended to facilitate the formation of the U.S.-Japan-South Korea triangular military alliance and, at the same time, to establish a collective security system involving the whole of the Asian-Pacific region by inveigling the South Korean puppet army and Japan into the joint military exercise.

The U.S. hardline conservative forces are now giving impetus to increasing military buildup and to preparing the nuclear war under the pretext of the so-called nuclear issue, while talking about sanctions against us. Taking advantage of this, the Japanese reactionaries have strengthened their anti-Republic plots by making an attempt to enact registration in preparation for the emergency situation on the Korean peninsula.

The South Korean puppets, by being a shock brigade of the imperialist reactionaries' commotion of nuclear pressure against us, have babbled about the international cooperative system and the strong steps against the North and, also, are indiscriminately running about to commit an act of crushing [apsal] the same fellow countrymen and to exterminate [myolsal] the whole nation with the backing of outside forces.

Under these circumstances, the puppet South Korean navy has planned to participate in the joint operation this time by even joining the combined fleet of the U.S. and Japanese armed forces. This clearly shows that the U.S.-Japan-South Korea triangular military alliance system, which has been formed to crush the Asian socialist countries including our country, has entered the stage in which it is being operated practically.

The Korean peninsula is the first target in the new military strategy of the United States, which seeks a new world order after the end of the Cold War. Also, it is the invariable goal pursued by the United States in its aggressive Asia-Pacific strategy to put the Korean people on the altar of a nuclear war.

The Kim Yong-sam group is actively behaving as a shock brigade in the execution of this criminal aggressive strategy and, also, is fully revealing its true color as a faithful war servant of the United States and a group of traitors trying to slay the fellow countrymen in collision with outside forces.

We have put forward a proposal for negotiations to establish a new peace guarantee system [pyonghwa pojang chegye], which will replace the Military Armistice Commission, in order to secure durable peace and security on the Korean peninsula and are making efforts for its realization. At this juncture, the South Korean puppets are actively participating in the United States' adventurous military action against us. This is a grave criminal act of running counter to detente and peace on the Korean peninsula and of posing a threat to peace on Korea and Asia, as well as an unforgivable challenge to our people, the people in the Asian socialist countries, and those ones in the countries of the Asia-Pacific region.

The Kim Yong-sam group is trying to maintain its unstable power in return for its service as a servant and a shock brigade of the U.S. aggression and its war policy and to achieve its ambition to reunify the country by a Northward invasion with the arms of force. This is, however, a foolish act.

The South Korean puppets must stop committing a reckless act of serving the United States' perilous policy of war, clearly being aware that they have nothing to get from toeing outside forces' policy of strength.

Government Asks ROK To Return 'Kidnapped' Loggers

*SK2705060594 Pyongyang KCNA in English 0538
GMT 27 May 94*

[Text] Pyongyang, May 27 (KCNA)—The spokesman of the South Korean puppet Unification Board contended in a far-fetched way that the kidnapping of the North's lumbermen to South Korea from the far eastern region of Russia was a "defection" and even slandered the North with the absurd allegation that the North "is making it a political issue", according to a radio report from Seoul.

This is a brigandish logic reversing black and white which can convince no one and a malicious challenge to the DPRK and an unpardonable criminal act.

As has been reported, the South Korean puppet clique on May 18 and 20 kidnapped again six citizens of the DPRK engaged in regular Tree-felling in the far east of Russia and took them to Seoul. This kidnapping is really an inhumanitarian act of destroying happy families of members of the nation and producing more separated families and a heinous crime of leading the frozen North-South relations to an extreme phase of strain.

It is needless to say that the kidnapping of lumbermen of the DPRK was a product of the intentional and premeditated anti-communist, anti-North intrigues of the South Korean puppet Security Planning Board to impair the international image of the DPRK and aggravate the North-South relations.

The puppets describe our kidnapped lumbermen as "displaced persons," which is totally nonsensical. In general, a displaced person means a war refugee or a sufferer from a natural calamity. But what a war or a natural disaster hit the far east of Russia to make the lumbermen of the DPRK "displaced persons"?

Still more preposterous is the claim of the South Korean puppets that the lumbermen of the North went to South Korea voluntarily.

The DPRK Government shows all solicitude for the lumbermen who are devotedly working in the far east of Russia to do their bit for the prosperity and development of the country so that they may not feel the least inconveniences, and grants large state benefits to their families in the homeland.

It is quite unimaginable that our lumbermen who devote themselves to tree felling with patriotic enthusiasm, inspired by the benevolence of the socialist system, should betray the beloved motherland and voluntarily go to the cursed land of South Korea, a barren land of human rights.

The "exile" of the North's lumbermen advertized by the puppets is a fiction to cover up their brigandish kidnapping.

Foolish, indeed, are the puppets who, after committing the anti-national and inhumane crime, are attempting to mislead public opinion by alleging that the North is making the kidnap case "a political issue".

The very one making it a political issue is none other than the South Korean puppet clique which took away the North's workers to South Korea and is using them for a sinister political purpose.

In order to organize the kidnapping of the North's lumbermen, the puppets "decided" a "policy of receiving exiles" at a "unification and security coordinating meeting" on April 15 and then formed even the "working measure committee" to launch into a full-scale kidnapping operation.

This fact alone shows well that the puppets made the kidnapping of the North's lumbermen a political issue from the beginning.

The South Korean puppet clique must stop the ridiculous acts of a thief turning on the master with a club, and unconditionally and immediately send back all our lumbermen they kidnapped this time and apologize to the nation for committing inhumanitarian act, impairing the dignity of the nation even in an alien land.

If they continue kidnapping our lumbermen, not sending back the spirited ones, that will bring irrevocable grave consequences to the North-South relations as a whole and the puppets will be held wholly responsible for them.

Kim Yong-sam Said 'Destroying' Labor Movement

*SK2705102294 Pyongyang KCNA in English 1003
GMT 27 May 94*

["Crafty Sermon To Destroy Labor Movement"—KCNA headline]

[Text] Pyongyang, May 27 (KCNA)—The traitor Kim Yong-sam reportedly called together presidents of business groups and trade union chiefs and told them that businesses successful in "labor-management cooperation" would be aided but no profits would be brought to those under disputes. He also raved that the workers, entrepreneurs and "government" should all make every possible effort to make this year the first year of "labor-management cooperation".

Commenting on this, a MINJU CHOSON analyst today says it is another crafty sermon aimed at destroying the labor movement.

The news analyst goes on:

The traitor Kim Yong-sam's call for concerted efforts of the workers, entrepreneurs and "government" stems from his ulterior intention to benumb the fighting consciousness of workers through tieup between the puppet authorities and comprador business men.

He blared that workers should completely discard the concept of the past that antagonism and struggle are the only way of living. This means, in the final analysis, that workers should not put any demand, not wage any struggle but meekly obey the acts of exploitation by entrepreneurs.

His talk about active support for the businesses successful in "labor-management cooperation" and no profits for those under disputes means that privileges and special favor will be granted to the comprador businesses and that the authorities and entrepreneurs will contain the labor movement of workers through their tieup.

The traitor Kim Yong-sam, flocking together with the comprador clan which battens on the sweat and blood of people, will never stand on the side of workers.

Family of South Korean Defector Welcomed

*SK2705014494 Pyongyang KCNA in English 2240
GMT 26 May 94*

[Text] Pyongyang, May 26 (KCNA)—A Pyongyang mass meeting was held today to welcome the family of Kim Chae-su who defected to the northern half of Korea.

Kim Chae-su, born in Chunchon City, South Korean Kangwon Province, served as a ground man at a puppet airforce flying corps and an airline company and as a crime-prevention team member at a police booth and ran an aquatic products company with his wife Mun Chong-cha till defecting to the North.

Orders and monetary prize were awarded to Kim Chae-su and Mun Chong-cha at the meeting.

In his welcome speech, Sin An-pang, vice-chairman of the Pyongyang Municipal Administration and Economic Committee, warmly welcomed the family of Kim Chae-su who defected to the North, believing that the socialist system of the North is a place where people can live a worthy life.

In his reply speech, Kim Chae-su said the North is a paradise where the state regards the people as heaven and spares nothing for them, whereas the South is a society where the rulers serve the United States as if it were their grandfather while oppressing and bleeding the people white for the interests of the comprador businesses and military bureaucrats.

"Kim Yong-sam advertised 'civilian politics' as if he would to do something for the nation and the people, but he is also an A-class traitor and a typical model of exploiter," said Kim Chae-su.

In her reply speech, Mun Chong-cha said: "In the North, I feel as if I had come to heaven from the hell. I believe it is thanks to the benevolent politics of the great President Kim Il-song and dear Mr. Kim Chong-il that the northern society has become a large harmonious family where all people live without any worries."

"I pledge that I will uphold dear General Kim Chong-il and remain loyal to his leadership together with my husband in order to consolidate and develop the excellent socialist system of the DPRK without an equal in the world," she declared.

Second Joint Pomminnyon Presidium Meeting Held

*SK2705014094 Pyongyang KCNA in English 2250
GMT 26 May 94*

[Text] Pyongyang, May 26 (KCNA)—The second meeting of the joint presidium of the National Alliance for the Country's Reunification (Pomminnyon) was held successfully today despite the obstructions of the South Korean authorities.

The meeting was held by phones between Pyongyang, Seoul and Tokyo as had been decided upon by the Pomminnyon organisations in the North and the South of Korea and overseas.

The meeting was attended by Chairman Paek In-chun and other members of the Presidium from the North side headquarters. Present as observers were members of the Central Committee and Secretariat of the North side headquarters and members of the Secretariat of the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification [Pomchonghangnyon].

The main items on the agenda at the meeting was the opening of the fifth pan-national rally, the current situation and the working plan of Pomminnyon following the proclamation of the "year of great national unity", and the reinforcement of the structure of the joint secretariat of Pomminnyon and the publication of a joint organ.

A unanimity of views was reached on them.

An agreement of the second meeting of the joint presidium of Pomminnyon was published at the meeting.

The agreement says the meeting was held for the first time after the programme and statutes of Pomminnyon were confirmed and it was a meeting of great importance in checking the moves of the outside forces of the United States and Japan and some forces following them to increase the tensions and provoke a war over the so-called

"nuclear issue of the North" and in laying the basis for durable peace and independent reunification on the Korean peninsula.

"At the meeting, we sincerely discussed how to build up close ranks of great national unity and how to achieve national independence and peaceful reunification on the basis of reconciliation and unity of the 70 million Koreans in the North, South and overseas and reached a consensus of views on all the agenda items," says the agreement.

According to the agreement, the fifth pan-national rally will be held from August 10 to 15 this year.

Emphasized in the agreement are matters of conducting various forms of functions to widely explain the national-historic significance of the excavation of the Tomb of Tangun and boost the national pride, of waging a joint movement for the formation of the South side headquarters of Pomminnyon, strengthening the solidarity movement between the regional organisations, and matters of exchanging visits between the North, the South and abroad and waging a struggle against the rice market opening to the United States and its nuclear clamour.

At a press conference held today, Chairman Paek In-chun briefed home and foreign reporters on the meeting and read out the agreement of the second meeting of the joint Presidium of Pomminnyon.

Cambodian Peace Conference Opens in Pyongyang

SK2705112494 Pyongyang KCNA in English 1116 GMT 27 May 94

[Text] Pyongyang, May 27 (KCNA)—A roundtable conference for peace and national reconciliation of Cambodia has opened in Pyongyang, the capital of the Democratic People's Republic of Korea, today.

It was presided over by His Majesty King Norodom Sihanouk. Present there are H.E. Prince Chea Sim, acting head of state and president of the National Assembly, H.R.H. Prince Norodom Ranariddh, first prime minister, H.E. Prince Hun Sen, second prime minister, from the Royal Government side and H.E. Khieu Samphan, president of the Democratic Cambodia side.

Foreign Groups Urge U.S. To Accept Peace Proposal

SK2605110994 Pyongyang KCNA in English 1019 GMT 26 May 94

[Text] Pyongyang, May 26 (KCNA)—Foreign political parties and organisations urged the United States to immediately accede to the DPRK's peace proposal for replacing the Korean armistice agreement with a peace

agreement and establishing a new peace arrangement, which is contained in the April 28 statement of the DPRK Foreign Ministry.

The political bureau of the New Party of the Congress for the Independence of Madagascar in a statement May 15 said the DPRK is making sincere efforts to remove nuclear threat on the Korean peninsula and defend peace and security in this part of the world.

It is reasonable and judicious to find a peaceful solution to the nuclear issue on the Korean peninsula through DPRK-USA talks, said the statement, adding that the party wants the continuation of the DPRK-USA talks and that impartiality must be ensured in the settlement of the nuclear issue.

The Uganda-DPRK Friendship Association and the Ugandan National Committee for the Study of the Chuche Idea in a joint statement May 19 said the continuation of the dangerous state of ceasefire on the Korean peninsula is abnormal in every respect.

If the United States truly wants peace and security in Korea, it must accept the peace overture of the DPRK side and come out to negotiation with the DPRK without delay, the statement demanded.

Sayfuddin Chowdhry, member of parliament and floor leader (secretary-general) of the Central Committee of the Communist Party of India (Marxist), in an interview with KCNA in New Delhi May 17 said: "We strongly demand the United States stop the reckless military provocations against the Korean people and immediately respond to the constructive peace overture of the DPRK."

Ethiopian Embassy Holds Briefing on Anniversary

SK2705061194 Pyongyang KCNA in English 0442 GMT 27 May 94

[Text] Pyongyang, May 27 (KCNA)—A press conference was held at the Ethiopian Embassy here Thursday on the occasion of the third anniversary of the day of peace and democracy in Ethiopia.

Present there were newspaper, news agency and radio reporters in Pyongyang, press officials of different embassies and foreign correspondents here.

The press conference was addressed by Ethiopian Ambassador to Korea Getachew Zerihun.

Regulations on Free Trade Ports Issued

SK2705111194 Pyongyang KCNA in English 1047 GMT 27 May 94

[Text] Pyongyang, May 27 (KCNA)—Regulations on free trade port was endorsed by decision No. 20 of the Administration Council of the DPRK on April 28, 1994.

The text of the regulations reads:

Regulations on Free Trade Port

Chapter 1 General Provisions

Article 1. These regulations are formulated to ensure properly economic and trade activities like transport and storage of transit cargoes and to set up the order of traffic and usage of the free trade port by thoroughly carrying out the "Law of the D.P.R.K. on Free Economic and Trade Zone".

Article 2. The free trade port includes the Najin port, the Sonbong port and the Chongjin port.

A free trade port consists of the port premise and the waters of the port. The port premise covers wharves, light houses, ship repair shops, open storage yards, warehouses, feeder rails and portal roads, and the waters of the port cover the passage of ship, anchorage and mooring sites.

Article 3. For the purpose of economic activities and tourism, vessels, sailors, passengers and cargoes are allowed to have free access to the free trade port regardless of nationality, place of departure and place of origin.

Article 4. No tariffs nor tonnage nor freight shall be charged to the vessels and cargoes coming in or out of the free trade port (hereinafter referred to as the port).

Article 5. In the port such economic activities as handling of vessels, stevedoring, storing and repairing of vessels are allowed.

The port management authority (hereinafter referred to as the port authority) shall provide service related to piloting, loading and unloading, transfer of cargoes, repackaging, sorting and blending and is responsible for the repairing of vessels and equipments, leasing of port facilities and installations, and the operation of warehouses.

The port supervision body shall issue landing passes for sailors and clearance permits for vessels, discipline the port and cause sunken vessels or cargoes hindering the management and operation of the port to be removed at the expense of the owners of the vessels or cargoes concerned. The port construction enterprise shall construct, expand and improve the port facilities.

Article 6. In the port a foreign investor may set up a foreign-invested business (equity or contractual joint venture or wholly foreign-owned enterprise) to operate wharves, warehouses and repair shops. In this case, procedures for the establishment of an enterprise should be gone through subject to relevant law and regulations after consultation with the port authority.

Article 7. Vessels, sailors, passengers and cargoes bound for the port shall be subject to immigration control and customs, quarantine, veterinary and botanical inspections. In case of transit cargoes, inspection shall be enforced only when its necessity is recognized by the body concerned.

Article 8. Traffic to and from the port and the economic and trade activities inside the port shall be subject to these regulations. Matters not covered by these regulations shall be subject to the other relevant laws and regulations of the DPRK.

Article 9. These regulations shall apply to bodies, enterprises, organizations (hereinafter referred to as bodies and enterprises of the DPRK) and nationals of the DPRK and bodies, firms, enterprises and economic organizations (hereinafter referred to as bodies and enterprises of foreign countries) and individuals of foreign countries, and Koreans residing outside the territory of the DPRK that are using or want to use the port.

Chapter 2 Traffic To and From the Port

Article 10. Traffic to and from the port shall be confined to the designated land and water passages. In case of traffic through the land passage the pass issued by the port supervision body shall be shown and in case of traffic through the water passage approval shall be secured of the port supervision body.

The owner of the vessel or the shipmaster who want to clear inwards or outwards shall submit the technical specifications of the vessel, the list of cargoes to be loaded or unloaded, the list of sailors, the health certificates, the estimated time of arrival at and of departure from the pilot area and etc. to the port supervision body.

Article 11. Upon arrival at the pilot area, the vessel calling at the port shall hoist the flag of the DPRK.

Article 12. The shipmaster clearing inwards or outwards shall submit documents required to the body concerned at every inspection area.

Article 13. Pilot service should be asked for whenever the vessel sails in or out of the port or moves inside the waters of the port.

Pilot service shall be provided by a pilot of the port authority.

In case of entering the port, vessels shall be piloted from the pilot area to the anchorage or the wharf. If the port authority approves, the vessels may come from the pilot area to the boundary of the anchorage without pilots. In case of sailing off, the vessel shall be piloted from the anchorage or the wharf to the pilot area, or to a certain area as the case may be.

A pilot shall not be liable to any loss caused to the vessel under pilot.

Article 14. Vessels carrying dangerous matters like oil tankers and gas tankers can anchor at the area specially designated by the port authority.

Chapter 3 Usage of the Port

Article 15. In case where one wants to undertake stevedoring, transfer of cargoes, repackaging, sorting and blending, he or she shall enter into a contract with the port authority.

The contract shall specify such particulars as the description of cargoes, quantity, type of work, type of package, weight of each cargo, the estimated date of arrival, the last day and hour of the work and precautions related to handling of cargoes.

In case of loading, the contract shall further include the plan of pooling cargoes.

Article 16. In case of storing cargoes, a contract shall be entered into with the port authority.

The contract of storage shall specify such particulars as the description of cargoes, quantity, type of package, weight of each cargo, date of arrival, period of storage and precautions related to storage of cargoes.

Article 17. In case of using the port, fees quoted by the state pricing body shall be paid.

The fees include port usage charge, oil fee, water fee, storage, stevedorage, freight and so on.

The cargoes stored in the port shall be exempted from the storage for 10 days.

Article 18. Vessels shall be eligible for stevedoring in the order of entering the port.

The vessels carrying perishable goods shall be given priority in stevedoring in disregard of the order of entrance.

Article 19. The owner of the vessel shall be liable to any labour accident if caused in the course of stevedoring.

Article 20. The relevant bodies and enterprises of the DPRK are allowed to set up shipping agencies at service of foreign owners of vessels or shippers to work with the relevant bodies or foreign-invested business in the port.

Article 21. Bodies, enterprises and individuals of foreign countries are allowed to work with the relevant bodies or foreign-invested business in the port either directly or by the medium of an shipping agency.

Article 22. Funds needed for the management and operation of the port and the improvement of equipments shall be met with the earnings made by the port itself.

Article 23. The port authority may organize a combined port committee for the management and operation of the port. The combined port committee shall be represented by the port authority, the port supervision body, the railway body, the customs office, the inspection body, the quarantine office, the shipping agency and the foreign-invested business using the port.

The director of the port shall be in charge of the combined port committee.

The combined port committee may meet more than once a month.

Article 24. Prohibited in the port are the study of research into and observation of the water surface and undersea area, environment-damaging activities and non-compliance of the procedure of traffic and usage of the port.

Chapter 4 Sanctions and Settlement of Dispute

Article 25. The port supervision body shall impose sanctions in the following cases:

1. If the structures, facilities or equipments of the port are destroyed, the loss shall be compensated and a penalty of up to 5,000 won shall be imposed according to the gravity of consequences,

2. If hinderance is caused to the handling of vessels and cargoes, a penalty of up to 2,000 won shall be imposed,

3. If oil is spilt in the waters of the port, a penalty of up to 1,000 won shall be imposed per square meter of the contaminated water area,

4. If toxic matters, waste water or garbage is jettisoned in the waters of the port or outside the designated area of the port, a penalty of up to 20,000 won shall be imposed per case,

5. If inflammable matters such as pitch and resin are burnt polluting environment or causing a danger of fire, a penalty of up to 10,000 won shall be imposed per case,

6. If a vessel sails off without the port clearance, the vessel shall be placed in custody and a penalty of up to 20,000 won shall be imposed,

7. If fees are not paid in the prescribed period of time, the means of transport and cargoes concerned shall be kept in custody and,

8. If fathometers, electrical wave detectors or wirelasses are used without the consent of the body concerned, the equipments or the vessels in question shall be confiscated.

Article 26. In case of request by the public prosecutor's office or by a debtor with help of the relevant documents, the port supervision body shall keep in custody the means of transport or cargoes in question. In this case, any expense, loss or risk caused during the period of custody shall be covered by the person who requested for custody.

Article 27. In case where contravention committed is grave in consequence, criminal liability shall be imposed.

Article 28. Any disagreement related to the operation and usage of the port shall be settled between the parties concerned through consultations. If failed in consultation, the case shall be heard and settled by the court of law or an arbitral tribunal of the DPRK according to proper procedures.

Implementation of Foreign Investment Laws Noted

*SK2705054294 Pyongyang KCNA in English 0512
GMT 27 May 94*

["Implementing Regulations of DPRK Law on Wholly Foreign-Owned Enterprises"—KCNA headline]

[Text] Pyongyang, May 27 (KCNA)—Implementing regulations of the law of the DPRK on wholly foreign-owned enterprises was instituted (endorsed by decision No. 13 of the Administration Council of the DPRK on March 29, 1994).

The implementing regulations consisting of 8 chapters and 80 articles cover the general provisions, establishment of a wholly foreign-owned enterprise, procedures and method of investment, term of operation and dissolution, supervision and settlement of dispute.

According to the regulations, a foreign investor (hereinafter called the investor) is allowed to set up and run a wholly foreign-owned enterprise inside the free economic and trade zone (hereinafter called the zone).

A wholly foreign-owned enterprise is a form of business whereby the investor establishes an enterprise with his own investment and has the right of independent management.

Korean nationals residing outside the territory of the DPRK are also allowed to set up and run a wholly foreign-owned enterprise inside the zone.

A wholly foreign-owned enterprise shall become a body corporate of and be legally protected by the DPRK.

A wholly foreign-owned enterprise shall, in principle, be insured by an insurance agency of the DPRK.

The investor is allowed to set up a wholly foreign-owned enterprise in electronics, automation, machine building, power industries, food processing, garment, everyday consumer goods manufacture industries, building materials, pharmaceuticals, chemical industries, construction, transportation, service, and other necessary sectors.

A wholly foreign-owned enterprise is allowed to be set up only if it satisfies any one of the conditions that it should be equipped with modern technologies including advanced technologies and up-to-date production facilities, it should be able to produce internationally competitive goods and it should be able to raise the quality of its products up to international standards.

The establishment of a wholly foreign-owned enterprise is not allowed in case it may endanger or hinder the security of the DPRK, in case it may have an adverse effects on public health, landscape and resources of the country, in case it uses equipments and production processes which are outdated economically and technologically, in case products it makes have no or small demand locally and internationally and in case the type of business and mode of management of the enterprise

do not conform with or may have negative impact on the sound ideology, emotions, and living style of the people.

The establishment of a wholly foreign-owned enterprise is not allowed in publishing, press, and broadcasting, telecommunication sectors and other sectors where the establishment of a wholly foreign-owned enterprise is prohibited by the state.

The investor wishing to set up a wholly foreign-owned enterprise shall submit the application for the establishment of a wholly foreign-owned enterprise to the provincial administration and economic committee (hereinafter called the zone authority,) and screening of a proposed wholly foreign-owned enterprise shall be done by the external economic body of the Administration Council. The external economic body includes the State External Economic Affairs Commission and the zone authority.

The State External Economic Affairs Commission shall screen and approve infrastructure construction projects whose total investment is greater than 20,000,000 won and non-infrastructure projects whose total investment is greater than 10,000,000 won.

The zone authority shall screen and approve infrastructure construction projects whose total investment is not greater than 20,000,000 won and non-infrastructure projects whose total investment is not greater than 10,000,000 won.

The State External Economic Affairs Commission may screen and approve projects with a small investment depending on the importance of the project in question.

The investor shall, within 30 days from the receipt of the notice of approval, register his enterprise with and have a certificate of business registration issued by the zone authority.

A wholly foreign-owned enterprise shall, within 20 days from its business registration, make tax registration with the financial organ based at the place of business of the enterprise according to the laws and regulations relating to taxation on foreign-invested businesses and foreign individuals.

A wholly foreign-owned enterprise may open or set up, in the zone or in a foreign country, its branches, representative offices, agencies, detached offices or subsidiaries or associate itself with institutions or enterprises of the DPRK or with companies of a foreign country.

The size of the registered capital shall be determined as follows: Not less than 65 per cent of the amount of total investment if the amount of total investment is not greater than 6,000,000 won, and not less than 30 per cent of the amount of total investment if the amount is greater than 60,000,000 won.

A wholly foreign-owned enterprise may increase its registered capital or convey it to another person and reinvest, wholly or partly, its legal profits earned from the operation of the enterprise.

A wholly foreign-owned enterprise may purchase materials needed for its operation either in the territory of the DPRK or bring them in from a foreign country. And it may export its products or sell them in the territory of the DPRK.

A wholly foreign-owned enterprise shall do its accounting in Korean won and shall, in principle, employ nationals of the DPRK.

Any disagreement concerning transactions of the wholly foreign-owned enterprise shall be settled through consultation.

A case of dispute shall be settled by the arbitral tribunal or the court of law of the DPRK according to the proper procedures.

KCNA Reports on Development of Local Industry

*SK2705013094 Pyongyang KCNA in English 1501
GMT 26 May 94*

[Text] Pyongyang, May 26 (KCNA)—The local industry is developing in the Democratic People's Republic of Korea.

According to statistical data, the output value of the Ministry of Local Industry in less than five months jumped 72 percent above the comparable period last year.

In this period, the modernization level of the local industrial factories went up and the output of major consumer goods leaped 20 percent.

In the same period, South Pyongan Provincial General Bureau of Local Industry lifted the industrial output value to 300 percent and output of major consumer goods to 180 percent by actively mobilizing production potentials and reserves.

Local industrial factories in South Hwanghae, Chagang and Kangwon Provinces have nearly doubled the output of mass consumption goods in the last one month by upgrading the modernization level of the production processes on the basis of advanced technologies and introducing advanced methods into production.

The foodstuff factories under the Pyongyang Municipal Associated Bureau of Local Industry including the Pyongyang cornstarch factory, the Taedonggang foodstuff chemical factory and the Chunghwa and Kangnam general foodstuff factories increased in four months or more the foodstuff output 40 percent above that in the same period last year.

Technicians Develop New Farm Machinery

*SK2705111594 Pyongyang KCNA in English 1051
GMT 27 May 94*

[Text] Pyongyang, May 27 (KCNA)—Korean scientists and technicians came up with more than 140,000 inventions and technical innovation proposals contributing to the implementation of the Workers' Party of Korea's revolutionary economic strategy in the last one year.

New breeds and farm machines invented by the Academy of Agricultural Science are now very effective in practice.

The Kum Song General Tractor Works, the Chongpyong Farm Machine Accessories Factory and cooperative farms in Pyongwon and Chungsan Counties manufactured new-type weeding machines, granulated fertilizer and manuring machines and other machines and solved technical problems in raising the effectiveness of fertilizers and preventing damages from noxious insects and are widely using them in agricultural production.

Tens of thousands of inventions and technical innovation proposals have been introduced in production in the light industrial sector. They include a new pattern loom of high economic effectiveness and a technology of papermaking by use of fibre in waste water.

Besides, many scientific and technological problems, such as a high pressure pipe heater and a new coal-cutting method, have been successfully solved in various fields of the national economy including the coal, power, metal, electronics and automation industries.

Production Upsurge Reported at Textile Mill

*SK2605021494 Pyongyang KCNA in English 1511
GMT 25 May 94*

[Text] Pyongyang, May 25 (KCNA)—A productive upsurge has been effected at the Sariwon textile mill, the nation's well-known fibre production base.

The mill topped its first quarterly plan this year by 2 percent and is now fulfilling daily quotas at more than 120 percent with the goal of hitting the first six months' target ahead of schedule.

The mill is situated in the western part of North Hwanghae Province 56 kilometres south of Pyongyang.

The output and variety of textiles are on an annual increase at the mill.

Its total industrial output value now is 6.2 times that 20 years ago; cotton yarn output 1.4 times, textiles output 3 times and processed textiles output 6.3 times.

The mill which had put out only a few kinds of cloth in the past now mass-produces over 40 kinds of refined-pattern and high-quality textiles including high-quality suit cloth, shirt cloth, water-resistant cloth, linings, printed cotton and processed plastic cloth.

Several ten million metres of high-quality textiles are produced annually by the mill and they are exported to foreign countries and supplied to the population of the country.

The material and technical foundations of the mill have been consolidated immensely.

Workers and technicians there have made more than 1,000 kinds of accessories by their own efforts to remodel along modern lines several hundred machines including shinning machines, shuttleless knitters and hydraulic press looms. They have manufactured printing machines also by their own efforts and introduced them in production.

Thus, the number of spinning machines has increased 11 times, weaving machines 3.8 times and printing machines 5 times at the mill over the past 20 years.

A repair base has also been consolidated.

A large number of innovators and thousands of recipients of state decorations have been produced there in this course.

A well-arranged study-while-working higher educational base at the mill annually rears several hundred technicians and skilled workers.

South Korea

U.S., DPRK Hold Contact for Third Round Talks
SK2605234794 Seoul KBS-1 Radio Network in Korean
2200 GMT 26 May 94

[By YONHAP from Washington]

[Text] The United States and North Korea held a working-level contact in New York this morning, Korean time, and discussed a date for the third round of talks.

During the contact held upon the request of North Korea, North Korea is likely to respond to a U.S. proposal on holding the third round of talks in Geneva next month.

A source in Washington said that even though North Korea's response is not known yet, chances are high that the third round of U.S.-North Korea talks will be held in Geneva early next month. In the event the current New York contact proceeds smoothly, it is likely that a date for the third round of U.S.-North Korea high-level talks will be officially announced, the source added.

In the contact, (Seymour), deputy chief of the Nuclear Nonproliferation Bureau of the U.S. State Department, and Quinones, the State Department's North Korea desk officer, participated as representatives of the U.S. side while Han Song-yol, counselor of the North Korean mission to the United Nations, represented the North side.

Government Rejects DPRK's Meeting Proposal

SK2705050594 Seoul KBS-1 Radio Network in Korean
0403 GMT 27 May 94

[Text] In response to North Korea's repeated proposal put forth on 25 May to hold a national meeting on 15 August [national liberation anniversary], the National Unification Board [NUB] repeatedly urged today that an exhausting political propaganda should be immediately stopped, pointing out that the first priority for a substantive advance in South-North relations at the present moment is to clear away the suspicion of North Korea's nuclear development.

In a commentary, NUB spokesman Kim Yong-ki recalled that the ROK Government has already made clear its position that holding a national meeting on 15 August is not at all conducive to the solution to the nuclear issue and to the improvement in the South-North relations. He emphasized that if North Korea really takes the nation into consideration, it should show all sincerity in solving the nuclear issue.

Government Reaffirms N-S Denuclearization Pact

SK2605123094 Seoul YONHAP in English 1154 GMT
26 May 94

[Text] Seoul, May 26 (YONHAP)—The South Korean Government on Thursday reaffirmed the importance of abiding by the inter-Korean declaration of the denuclearization of the Korean peninsula.

The government also resolved to continue to cooperate closely with the United States and the rest of the world community in the effort to rectify North Korea's violation of the denuclearization declaration.

At a unification and national security policy coordination meeting presided over by Deputy Prime Minister Yi Hong-ku, the government decided to continue to maintain the existing policy of linking inter-Korean economic cooperation to the resolution of the North Korean nuclear question.

A Unification Board official said that the meeting, however, decided to make flexible conditions for such linkage depending on the attitude of North Korea.

He said attendees shared the view that it is not proper to discuss the issue of reconsidering the denuclearization declaration at the present stage.

Regarding North Korea's demand for the replacement of the existing military armistice agreement, the meeting reaffirmed the government policy that such a replacement should be discussed between the two Koreas once confidence-building is fostered in the areas of politics and military between the two sides.

"Attending officials affirmed that the linkage of economic cooperation to the nuclear issue cannot be withdrawn," said Kim Hyong-ki, spokesman for the National Unification Board.

The attendees also expressed concern about a situation in which North Korea may refuse to provide nuclear transparency, challenging South Korea's efforts to abide by the denuclearization declaration, Kim added.

NUB Spokesman Cited on Denuclearization Meeting

SK2705021694 Seoul CHOSON ILBO in Korean 27 May 94 p 2

[Article by reporter An Hui-chang]

[Text] The government on 26 May reconfirmed the position that the declaration on denuclearization of the Korean peninsula should be observed and decided to resolutely deal with it if North Korea ignores our efforts for the implementation of this declaration.

The government decided this at a meeting of the Unification and Security Policy Coordinating Committee chaired by Deputy Prime Minister and Minister of National Unification Board [NUB] Yi Hong-ku held on 26 May.

Kim Hyong-ki, an NUB spokesman, said, "The participants in the meeting agreed that if North Korea refuses to clear away the suspicion of its nuclear development and continues to enforce the nuclear program, our efforts to abide by the denuclearization declaration will meet with grave challenge."

The meeting noted that North Korea is persistently pushing ahead with its scheme to reach a package solution to its nuclear issue linking it with the establishment of diplomatic relations with the United States and the signing of a peace agreement. The meeting made it clear that the issue of replacing the Armistice Agreement with a peace agreement should be discussed between the North and the South along with the issue of political and military confidence-building between the North and the South. The government also reconfirmed its policy that it will continue to link the nuclear issue and the economic cooperation for the time being.

Dailies Assess Unification Minister's Remarks

SK2705030094

[Editorial Report] On 25 May, ROK vernacular newspapers carry articles reacting to remarks made by Yi Hong-ku, deputy prime minister and minister of the National Unification Board, at the National Assembly on 23 May to the effect that the ROK will reconsider the joint declaration on denuclearization of the Korean peninsula if North Korea continues maintaining its radiochemical laboratory.

On page 2, the conservative CHOSON ILBO carries a 700-word article by reporter An Hui-chang which says that the unification minister's remarks reflect the government's strong will to see that "the nuclear transparency of North Korea is secured by any means." The article quotes Minister Yi's remarks made on 12 May in a confab with the members of the Korean Newspaper

Editor's Association of Korea, where he said that "the declaration on denuclearization will be nullified if it is internationally confirmed that North Korea possesses even half a nuclear weapon...." The article says that his remarks have presented our somewhat disoriented nuclear policy with a clear-cut direction policy. The article quotes Minister Yi as saying that the joint declaration has virtually been nullified in any sense, adding that the ROK Government has been coping with North Korea's nuclear issue from the standpoint of sticking to the joint declaration—although North Korea has violated it—with a view to preventing a nuclear domino phenomenon while, at the same time, taking the U.S. position into consideration. The article stresses that our government cannot concede on the point of securing nuclear transparency and that our government is sending a message to the international community, including the United States and the International Atomic Energy Agency [IAEA], that they should pay attention to this point. The article says that this is a message indicating that "the ROK Government will not just sit idle" if North Korea continues to ignore the joint declaration and the United States tolerates this in the process of their negotiations. The article concludes by saying that his remarks seem to indicate that the ROK Government is seriously considering the nullification of the joint declaration and that this may have a ripple effect on the third round U.S.-North talks.

On page 3, the CHOSON ILBO carries an 800-word editorial which says that Minister Yi's remarks are "a diversionary message" and showed concern over the United States trying to seek a settlement with North Korea while allowing it to possess one or two nuclear bomb. Adding that the remarks are bringing North Korea's attention to the possible ripple effect that the nullification of the joint declaration will create, the editorial says that if North Korea guarantees nuclear transparency, it will be possible for both South and North Korea to have nuclear technological sovereignty in the peaceful use of nuclear energy, adding that Minister Yi's remarks are a sign of change in the ROK Government's policy toward North Korea's nuclear issue. The editorial stressed that the cooperative system between the ROK and the United States should be further consolidated.

On page 5, the moderate TONG-A ILBO carries an 800-word article by reporter Pak Che-kyun which says, in essence, that the ROK Government has been trying to put out the fire which was ignited by Minister Yi's remarks. The article cites Article Three of the joint declaration which says "the South and North shall not possess nuclear reprocessing facilities and uranium enriching facilities," quoting experts' worry about the possible difficulties the ROK might face in case it should give up reprocessing facilities, while adding that "the United States, which has potential fears for the nuclear weapons development of North and South Korea, had applied strong pressure on stipulating the clause of 'giving up reprocessing.'" The article continues to say

that "the ROK Government is now in a position to flatly negate the minister's remarks on reconsidering the joint declaration" because both the ROK and the United States are basing their opposition against North Korea's nuclear development upon that declaration. The article concludes by saying that "if the United States takes issue with his remarks, there will be a great stir."

On page 5, the moderate HANGUK ILBO carries a 1,100-word article by reporter Yu Sung-u which says that the ROK Government's foreign affairs-national security team led by Deputy Prime Minister Yi Hong-ku has been boldly taking issue with the efficacy of the joint declaration. The article says that his remarks are based on a matter-of-course principle in view of Article Three of the joint declaration, saying that the ROK Government's attitude of making an issue of the efficacy of the joint declaration has been necessitated by the present circumstances under which the ROK is entrusting the United States with the negotiations with North Korea on the nuclear issue. The article says that his remarks are "a conditional or a passive declaration of nuclear sovereignty to the United States and Japan as well as to North Korea," adding that an imbalance between the South and North exists in that the ROK side has given up even the development of nuclear reprocessing technology while North Korea's extraction of plutonium is an issue. The article concludes that it is high time that a serious examination of the merits and demerits achieved since the signing of the South-North Basic Agreement and the joint declaration by South and North Korea.

On page 4, the pro-government SEOUL SINMUN carries a 1,300-word article by reporter Ku Pon-yong which is essentially the same as other vernacular dailies of 25 May. The article says that the unification minister's remarks make a point of ensuring that bargaining is not disadvantageous to the ROK and sends a warning to Japan whose nuclear potential is growing. The article concludes that his remarks have been made to express the government's long-term position in response to some people's views for advocating possessing reprocessing facilities for peaceful purposes under the circumstances in which the power generation with atomic energy constitutes 43.2 percent of total power generated.

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial entitled "The Condition for the Reconsideration of the Denuclerization on the Korean Peninsula." Referring to the significance of remarks made by Yi Hong-ku, deputy prime minister and minister of the National Unification Board, at the National Assembly Foreign Affairs and Unification Committee some time ago regarding the nullification of the South-North Joint Denuclerization Declaration on the Korean peninsula, the editorial says, "it must be true that Deputy Minister Yi's view of North Korean policy has been based on the denuclerization on the Korean peninsula, but he has maintained that the suspicion of North Korea's nuclear development must be dispelled. In this respect, we have no objection to his remarks. It is the basic framework of the government's consistent

policy toward North Korea. The reconsideration of the joint denuclerization declaration on the Korean peninsula means, however, that we can revise the North-South agreement that prohibits them from possessing a nuclear reprocessing facility, as well as a uranium enriching facility. When this happens, great changes may occur in our government's nuclear policy. Therefore, we cannot but pay attention to it."

Describing Deputy Prime Minister Yi's such remarks as a proposal indicating that North Korea should suspend the nuclear development program and, surely, guarantee the transparency of its nuclear development in order to ease tensions on the Korean peninsula, the editorial says, "he once said in a meeting with editors that if North Korea possesses even half of a nuclear bomb, the denuclerization declaration on the Korean peninsula will become virtually null and void. This is a clear and firm expression of the government's policy regarding the North Korean nuclear issue."

The editorial says, "it is certain that the competitive nuclear development between the North and South will bring about a great disaster to our nation by making this land become a place for nuclear confrontation. Therefore, we must concentrate diplomatic efforts on making North Korea abandon its nuclear ambition, thus further strengthening the ROK-U.S. cooperative system."

KYONGHYANG SINMUN carries on page 5 a 1,000-word article by reporter Kim Pong-son entitled "A Subtle Stir in the Country by Deputy Prime Minister Yi's Remarks on the Reconsideration of the Denuclerization Declaration on the Korean Peninsula." Referring to the contents of the denuclerization declaration, the article reports, "some domestic scholars say that the joint denuclerization declaration must be revised because it abandons its rights to even possess nuclear reprocessing facility or enriching facilities for peaceful purposes."

Noting the remarks by Kim Si-chung, minister of the Ministry of Science and Technology, regarding the need to revise the joint denuclerization declaration, the article says, "the government has clearly expressed the position that it will not revise it." Also, referring to the remarks by a spokesman of National Unification Board indicating that North Korea's operating a radiochemical laboratory is a violation of the joint denuclerization declaration, the article reports, "North Korea provides justification for South Korea to reconsider it. Also, its future operation of the radiochemical laboratory is a nullification of the declaration. Therefore, it must close the laboratory to avoid the dispute between the North and South."

The left-leaning HANGYORE SINMUN carries on page 3 a 1,000-word editorial entitled "The Principle of the Denuclerization Declaration Must Be Observed." Referring to Deputy Prime Minister Yi's remarks that we cannot but discuss the North-South Joint Denuclerization Declaration in a different way if North Korea

continues operating the radiochemical facility, the editorial says, "if his remarks mean that the government will carry out its future nuclear policy based on the fact that the declaration is already null and void, we cannot but counter his remarks, because the joint denuclearization declaration, in addition to the North-South agreement, is an important agreement between the North and South to secure peace on the Korean peninsula and to achieve national reunification."

Noting the background of the formulation of the declaration between the North and South and the contents of the Nuclear Nonproliferation Treaty, the editorial says, "North Korea's operation of the radiochemical laboratory is not a violation of the treaty, even if it is a nuclear reprocessing facility, because the treaty does not prohibit the country concerned from possessing or operating it." The editorial also says, it is not easy to determine whether Deputy Prime Minister Yi's remarks "are intended to prevent North Korea's nuclear development or to find justification for South Korea's nuclear development."

HANGYORE SINMUN carries on page 2 a 700-word article by reporter Kang Tae-ho entitled "The Expression of the Government's Dissatisfaction at the U.S. Position Toward North Korea." Referring to the background of Deputy Prime Minister Yi's remarks and other government officials' remarks on need to revise the joint denuclearization declaration, the article then added, "some people believe that his remarks are a kind of an expression of the government's dissatisfaction at the U.S. Government's negotiation attitude toward North Korea with the approach of a third round of U.S.-North Korean high-level talks."

Kim Il-song Declines Press Club's Invitation

SK2605235994 Seoul KBS-1 Radio Network in Korean 2210 GMT 26 May 94

[By correspondent Kim In-kyu from Washington]

[Text] The North Korean mission to the United Nations on 27 May notified the National Press Club, a U.S. media organization, that North Korean President Kim Il-song cannot accept its invitation. Pak Kil-yon, ambassador of the North Korean mission to the United Nations, wrote in a letter sent to the chairman of the National Press Club that he is thankful that the National Press Club had invited President Kim Il-song to the luncheon address, however, President Kim Il-song cannot attend the luncheon address due to his busy schedule.

ROK Reacts to New Russia-DPRK Logging Agreement

SK2705022394 Seoul SEOUL SINMUN in Korean 26 May 94 p 1

[Text] Regarding the issue pertaining to new logging agreement reached between Russia and North Korea, a

government official evaluated on 24 May that "the recent agreement stipulates the improved treatment of North Korean loggers. This is a stepped-up measure," and expressed that "however, the government will continue its efforts to further improve loggers' working conditions and their human rights."

Roles of Kim Chong-il, Kim Pyong-il Viewed

SK2705040794 Seoul CHUGAN CHOSON in Korean 2 Jun 94 p 71

[Article by North Korean affairs desk reporter An Hui-chang: "Suspicion of the Status of Kim Pyong-il Who Returned Amid Rumor on His Seeking Political Asylum—Discord With Kim Chong-il Over Succession to Power"]

[Text] "The cases in which Kim Chong-il has exercised his power have been considerably reduced and major policies, including the nuclear issue, are being directly handled by Kim Il-song," and "Kim Chong-il's face, occasionally seen in public, does not look healthy, thus causing the people to suspect that something unusual is happening." Amid this situation, the observation that Kim Chong-il's position "is not firm" was quickly raised since the 21st plenary meeting of the sixth party Central Committee was held last December. Kim Chong-il's close associates, including Kim Tal-hyon, were demoted during the session. Under these circumstances, the movements of Kim Pyong-il, Kim Chong-il's half brother, are also arousing the people's suspicion.

This suspicion was prompted by the fact that Kim Pyong-il, who was appointed North Korean ambassador to Finland last March, returned to North Korea after serving only a month and a half in Finland, and has remained in North Korea for over a month for no apparent reason.

Kim Pyong-il did not attend a dinner arranged by the Finnish president for new foreign ambassadors, and hastily left Finland. Then, what was the reason behind Kim Pyong-il returning to his home country without even attending the dinner arranged by the president of a host country, which is regarded as an important event for diplomats?

First, people believe that he was summoned home for the purpose of preventing him from seeking political asylum or other possible unexpected acts. According to the rumor, on his way to the Helsinki airport to return to North Korea, Kim Pyong-il muttered that "It would have been better if I had sought political asylum."

It is a well-known fact that Kim Pyong-il has been subjected to various types of controls by Kim Chong-il. Kim Pyong-il, after completing the Namsan senior middle school in 1970, graduated from the department of politics and economy at the Kim Il-song University in 1976. He was then commissioned as an officer of the Ministry of People's Armed Forces (rank was unknown).

After graduating from the Kim Il-song Military College in August of 1981, Kim Pyong-il was assigned as military attache at the North Korean Embassy in Yugoslavia, and served until 1983. He served in the General Bureau of Security Guard for four years from 1984, and thus served in a post close to his father. In 1988, however, he was appointed as North Korean ambassador to Hungary, and resumed his overseas service. Following this, Kim Pyong-il was appointed as ambassador to Bulgaria in February 1989. After staying in his home country for a while, he assumed the post of North Korean ambassador to Finland this March.

The fact that the eldest son of Kim Il-song's present wife is wandering from place to place as a diplomat clearly illustrates that Kim Pyong-il has been regarded as a "political rival" by Kim Chong-il.

It has been learned that even after Kim Pyong-il was sent overseas, Kim Chong-il mercilessly purged the figures showing intimacy and familiarity with Kim Pyong-il among his schoolmates and associates.

Ko Yong-hwan, a former North Korean diplomat who defected to the ROK some time ago, explains how Kim Pyong-il has been held in check by Kim Chong-il.

"On the day Kim Pyong-il arrived in Sofia as the North Korean ambassador to Bulgaria, the embassy's party secretary directed the staff to greet the ambassador at the airport. However, only two went to the airport, including the party secretary himself, among some 30 embassy staff members. This was because if one meets Kim Pyong-il, one must prepare a report in the form of a document noting how long and by whose directive one met with Kim Pyong-il, and the content of the conversation with him, and must forward the report to the State Security Department."

Since Kim Pyong-il has been treated harshly by Kim Chong-il, it is possible that he may commit any kind of unexpected act, and this report was aimed at collecting information regarding his activities and preventing him from committing an unexpected act. His recent summoning seems to have a similar purpose.

The other observation has been focused on the "indication of abnormality" within the North Korean power structure.

According to remarks of the people who recently visited North Korea, including Reverend Billy Graham who visited there last February, Kim Il-song is personally handling overall policies. As a result, "delicate relations" with Kim Chong-il have been created.

In particular, the return of Kim Yong-chu—Kim Il-song's brother—to power as vice president after 20 years, reflects to a certain degree that Kim Il-song feels somewhat uneasy in turning over his power to Kim Chong-il.

However, the dominant observation is that the view that Kim Pyong-il's recent movements are related to Kim Chong-il's succession to power is premature.

At any rate, a precise observation of the movements within the North Korean power structure surrounding Kim Pyong-il will be possible only after his return to Finland.

Kim Yong-sam Tours Armed Units Before Russia Trip

SK2705052294 Seoul YONHAP in English 0459 GMT
27 May 94

[Text] Seoul, May 27 (YONHAP)—President Kim Yong-sam said Friday his visit to Russia starting June 1 is part of Seoul's summit diplomacy to establish genuine peace on the Korean peninsula through "quadruple diplomacy."

Visiting an Air Force fighter wing, he stressed that the Armed Forces can exert all their strength only after winning the people's confidence. Accompanying the Armed Forces' commander-in-chief on his visit to the Air Force unit just four days before his state trip to Russia were Defense Minister Yi Pyong-tae, Joint Chiefs of Staff Chairman Gen. Yi Yang-ho, Senior Presidential Secretary for Foreign Affairs and Security Chong Chong-uk and Presidential Spokesman Chu Ton-sik, among others. Arriving at the wing headquarters, the president was met by Air Force Chief of Staff Gen. Kim Hong-nae.

After the wing commander gave a briefing on his missions, Kim emphasized the Air Force's importance to national defense, exhorting both the officers and men to do their utmost in discharging their duties.

Explaining about North Korea's severe food and oil shortages and corruption in officialdom, he said, "This is a very dangerous time... I know how important a role the Air Force played and how strong a power it exerted in the Gulf war... I trust you all."

While touring a room for stand-by pilots, he personally pushed the scramble bell to see how fast the pilots could take off and then observed a display by F-5E fighters and Apache helicopters. Visiting the wing's maintenance shop, he presented a watch to the shop manager.

From the Air Force wing, he boarded a helicopter and flew to an Army infantry division on the central front line to check the division's troops deployed along the front, guided by Army Chief of Staff Gen. Kim Tong-chin.

After the Army division, he visited a Naval fleet headquarters to inspect the fleet, guided by Chief of Naval Operations Adm. Kim Hong-yol. After planting a tree in the headquarters compound, President Kim went on board the "Kyongbuk" and posed with sailors for a photograph, then lunched with them in the ship's mess hall.

Russian Ambassador Discusses DPRK, Loggers

SK2605134694 Seoul KBS-1 Television Network in Korean 1225 GMT 26 May 94

[Interview with Russian Ambassador to the ROK Georgiy Kunadze by KBS anchorman Yi Yun-song; Kunadze answers in Russian with Korean subtitles—place not given; recorded]

[Text] [Yi Yun-song] How are you?

[Ambassador Kunadze] How are you?

[Yi] I believe ROK President Kim Yong-sam's upcoming visit to Russia will serve as an opportunity to further deepen and develop ROK-Russia relations which have been promoted for the past four years since diplomatic relations were established. What does Russia expect from President Kim Yong-sam's visit to Russia?

[Kunadze] First of all, President Kim Yong-sam is like an old friend, and, therefore, the warmest hospitality will be extended to him during his visit to Russia.

[Yi] The Russian Government has proposed eight-party talks to resolve the North Korean nuclear issue. The eight parties are North and South Korea, the United Nations, the United States, China, Japan, Russia, and the International Atomic Energy Agency. What does Russia think are the prospects for resolving the North Korean nuclear issue? And, what efforts is Russia making to hold the eight-party talks?

[Kunadze] The situation surrounding the North Korean nuclear issue is serious, and various methods have been sought to resolve this issue. Russia is optimistic about this issue. Therefore, Russia has proposed eight-party talks to discuss stability on the Korean peninsula. Still, this does not mean we intend to replace the on-going bilateral [as heard] talks with the eight-party talks.

[Yi] Five North Korean loggers arrived in the ROK on 18 May. This is a testament to how much relations between the ROK and Russia have developed. It has been learned that approximately 90 other loggers hope to defect to the ROK. Will there be difficulties in their defection to the ROK?

[Kunadze] We do not know the exact number of loggers who want to defect to the ROK. However, it is clear what Russia attaches the greatest importance to in resolving this issue is whether each logger hopes to defect to the ROK.

[Yi] The ROK and Russia have failed to reach agreement on how Russia will repay the principal and interest of the \$1.53 billion which was loaned to Russia as part of the \$3 billion loan which the ROK promised when the two countries established diplomatic relations. The ROK demands a repayment with goods, separately from the agreement of the Paris Club, a meeting of creditors. It

has been learned, however, that Russia hopes to repay with weapons. Would you tell us Russia's position on this issue?

[Kunadze] Our position is simple: We are ready to repay the loan to the ROK. We hope to find appropriate ways to do so. However, I think that the fact that we cannot violate the resolution of the Paris Club must be put into consideration.

Interviewed on Upcoming Summit

SK2705051194 Seoul CHOSON ILBO in Korean 26 May 94 p 5

[Interview with Georgiy Kunadze, Russian ambassador to ROK, by reporter Pak Tu-sik on 24 May at the Russian Embassy in Samsong-tong, Kangnam-ku, Seoul]

[Text] [Pak Tu-sik] How do you predict the outcome of the upcoming ROK-Russia summit?

[Georgiy Kunadze] The two heads will exchange views on a wide range of matters including the international situation and methods for cooperation. Also, in most of the issues they discuss, they will be able to confirm that they have similar or the same points of view. I hope that this will be an opportunity in which the relationship between the two countries will be enhanced to a level of "a mature partner relationship."

[Pak] Among the many pending issues between the two countries, what attracts our interest the most is the issue of the \$3 billion economic cooperation loan we provided to Russia when No Tae-u and Gorbachev were presidents. What is Russia's position at a time when Russia has not repaid the principal sum or the interest?

[Kunadze] I would like to make one thing clear. Our side's debt is half of the \$3 billion. The other half was frozen by the ROK Government last year (in August 1993, Hong Sun-yong, the then vice foreign minister, announced that the execution of the loan of \$1.53 billion would be stopped except for the already executed loan of \$1.47 billion). We were dissatisfied with such a measure because it was a one-sided one, conducted without even receiving our consent, but Russia recognizes the duty of repaying the debt made during the old Soviet period. However, we are of the position that the repayment method must not run counter to the conditions that were promised at the Paris Club (a meeting held by Russia's creditor countries). I expect that this issue will be resolved in the near future.

[Pak] Russia is succeeding the "treaty on mutual assistance" with North Korea concluded during the old Soviet period. In this treaty, there is an article which stipulates that if there is a dispute on the Korean peninsula, Russia will automatically interfere. This is bringing about concern.

[Kunadze] Many people in Russia as well as the ROK talk about this article, but in reality I think there are many people who do not have a correct understanding of

the original text. There is no phrase in the original text that refers to Russia's "automatic interference." Our interference is limited in the case of a non-provocative incident. Even if an incident occurs, Russia will make an independent decision regarding the situation and not insist on taking action according to the treaty. The position of the democratic Russian Government is that implementation of any treaty must be approved by the parliament and that the international law and the UN Charter must be put before the mutual treaty.

[Pak] When you were the vice foreign minister early last year, you visited North Korea and presented the issue of revising this treaty. Will this issue be dealt with at the upcoming ROK-Russia summit talks?

[Kunadze] Russia will not raise this issue first. This is an issue between Russia and North Korea. The ROK is only a third party. If the ROK side raises this issue, we will explain our position.

[Pak] Recently, some North Korea loggers who escaped from logging camps in Siberia defected to the ROK. What is the actual situation of the North Korean loggers in Russia and how does Russia plan to deal with them?

[Kunadze] There is not even a single case in which a North Korean logger is under the control of the Russian Government. Therefore, we do not know how many of them want to defect to the ROK. The issue of the status of the North Korean loggers is an issue from the human rights level. The Russian Constitution guarantees foreigners from coming and going freely. Therefore, if the North Korean loggers want to go the ROK, this is completely their personal problem. We have nothing to do with this problem.

[Pak] Recently, the Russian Government expressed great dissatisfaction over the ROK media's report on the issue of the North Korean loggers.

[Kunadze] We have never expressed dissatisfaction. We are only dissatisfied with the ROK media which is reporting as if Russia was interfering on how to deal with the North Korean loggers. Without even sufficiently explaining our position, the ROK media reported that the Russian Government is not allowing the North Korean loggers from leaving the country and that they are sending the loggers back to North Korea. I have never heard that a North Korean logger was sent to North Korea by force.

[Pak] When Foreign Minister Han Sung-chu visited Moscow last year, Russia promised to forward to the ROK documents on the 25 June war. Will this promise be kept?

[Kunadze] There is no difficulty in delivering the material. Since the amount of material is enormous and research over this matter is difficult, I believe it would be good if a special committee was formed between the two countries to work on this jointly.

[Pak] What is the level of North Korea's nuclear development to the knowledge of Russia?

[Kunadze] According to the information Russia has, there is no possibility that North Korea produced nuclear weapons. However, we believe that North Korea must unconditionally implement the duties of the Nuclear Nonproliferation Treaty. Our position has been since last March that we are not providing any atomic energy technology to North Korea as long as North Korea does not implement the treaty.

[Pak] What is background for having proposed an eight-party meeting of the South and North Korea, the United States, Japan, China, Russia, the United Nations, and the International Atomic Energy Agency to resolve the North Korean nuclear issue?

[Kunadze] This proposal is beneficial to all. A new form is being added to the existing framework of the talks. It will be an opportunity for the South and North to have contacts with each other at a time when the South-North dialogue has broken.

Investment in CIS Said 'Increasing Rapidly'

*SK2705073694 Seoul YONHAP in English 0507 GMT
27 May 94*

[Text] Seoul, May 27 (YONHAP)—South Korean investment in countries belonging to the Commonwealth of Independent States (CIS) is increasing rapidly, the Korea Trade Promotion Corp. (KOTRA) said Friday.

Government permits granted for Korean enterprises' investment in the CIS region totaled 28 cases last year, compared to 21 for the four years between 1989 and 1992.

Among the CIS countries, Russia topped the Korean investment list with 23 cases last year, of which the Far Eastern and Siberian region claimed 15.

In contrast, investment in Moscow came to only five cases.

KOTRA has advised Korean businesses to hike investment in the region around Lake Baikal, where natural resources are abundant and geographical conditions are good, and the Ural mountains, which is Russia's biggest industrial region.

Among investments, those in machinery and facilities are promising since Russian state-run enterprises and munitions factories are being converted into civilian industry and privatized, according to KOTRA.

Korean businesses need to secure stability by forming a consortium to invest in resources development, because investments require an enormous amount of money and time, KOTRA said.

Businesses should seek to reduce risks until Russia's political and economic systems stabilize by focusing on small investments.

PRC President Jiang Zemin To Visit in Nov*SK2705024194 Seoul TONG-A ILBO in Korean 27 May 94 p 1***[By Kim Chung-kun from Beijing]**

[Text] It was learned on 26 May that Chinese President Jiang Zemin will visit the ROK in November. His ROK visit will be a return visit to President Kim Yong-sam's March visit to China, and will be the first occasion for a Chinese president to visit the ROK in the history of ROK-Chinese relations.

The ROK and Chinese Governments have continued negotiations on President Jiang's ROK visit since 1992, when the two countries established diplomatic ties and former President No Tae-u visited China. They have recently made a rapid progress in the negotiations and generally agreed to the principle that he will visit the ROK in November.

According to the agreement, Chinese Vice Foreign Minister Tang Jiaxuan will come to Seoul on 4 June to discuss with the ROK Government the details of President Jiang's ROK visit.

While confirming Vice Minister Tang's planned visit to the ROK, a Western source in Beijing said on 26 May: "I understand that, during Vice Minister Tang's stay in the ROK, the two countries will discuss various pending issues, including the issue concerning President Jiang's ROK visit."

The source also said: "It is highly possible that President Jiang Zemin will visit the ROK and Indonesia in succession."

Regarding this, a high-ranking source of China said on 26 May: "There will be no problem for the Chinese leader to visit the ROK in the latter half of the year, in view of progress made in resolving the North Korean nuclear issue." The source added: "The Chinese leader's ROK visit will serve as a remarkable turning point not only in the partnership between the two countries, but also in relations between South and North Korea."

Further on Visit by Sri Lankan Prime Minister**Holds News Conference 27 May***SK2705090494 Seoul YONHAP in English 0750 GMT 27 May 94*

[Text] Seoul, May 27 (YONHAP)—Sri Lankan Prime Minister Ranil Wickremesinghe urged North Korea Friday to fulfill its obligations as a signatory to the Nuclear Nonproliferation Treaty (NPT) to eliminate nuclear weapons from the world.

"We would like to see the world free of nuclear weapons, firstly through nuclear weapons control, secondly through gradual reduction and finally through elimination of nuclear weapons from the world. North Korea

should fulfill its obligations as a member of the Nuclear Nonproliferation Treaty," said the Sri Lankan premier on the last day of his four-day visit to Seoul.

Wickremesinghe, however, would not elaborate on whether Colombo would join the United Nations Security Council in imposing sanctions on Pyongyang, simply saying that "discussion is going on about the matter at the United Nations and we would go along with the UN decisions as a UN member state."

Speaking to reporters at a news conference in the hotel Lotte shortly before his departure, Sri Lanka's prime minister disclosed no details of his talks with South Korean officials on the two countries' separate bids for a non-permanent UNSC seat allocated to Asia for 1996-97.

"In regard to the application, I discussed the matter with South Korean officials but it's a matter to be solved later," said Wickremesinghe, adding it could be settled by the end of 1995.

On the opening of a direct air route linking Seoul and Colombo, Wickremesinghe said that "I'd like to see it happen next year." However, he passed the matter on to the private sector, saying the two countries' airlines should reach commercial agreements.

Inviting Korean tourists and businessmen to Sri Lanka, Wickremesinghe stressed the political situation in his country is stable, although one terrorist group affects the Northeast.

"Political parties are discussing how to settle the outstanding issues in the Northeastern region. All issues except one have been settled between the North and East regions and the east has restored order and a civilian government," said the prime minister, who voiced hope that the Northern region would come under Colombo's control by the end of next year.

The premier was hopeful that more Sri Lankans can work in South Korea under a Seoul Government plan to import labor, noting that he had discussed the issue with Seoul officials. He said 1,000 Sri Lankans work here at present.

During his meetings with South Korean officials, Wickremesinghe said he expressed his country's willingness to offer top treatment to South Korean businessmen in Sri Lanka.

Sri Lankan businessmen from the nation's six largest business groups, who accompanied Wickremesinghe to Seoul, also had comprehensive talks with their South Korean counterparts on promoting further business opportunities, Wickremesinghe said.

The 46-year-old premier, concurrently minister of industries, science and technology, leads a friendship association of parliamentarians between the two countries. This was the third visit to Seoul by Wickremesinghe, who

came here in 1984 as education minister and in 1989 as minister of industries, science, and technology.

Technology Agreement Signed

BK2605121194 Colombo Sri Lanka Broadcasting Corporation International Service in English 1045 GMT 26 May 94

[Text] Sri Lanka and South Korea have signed a science and technology cooperation agreement. The agreement was signed yesterday in Seoul by Prime Minister Ranil Wickremesinghe and his South Korean counterpart, Yi Hoe-chang. AIR [All India Radio] special correspondent, Damika Dissanayake reporting from Seoul said that this agreement would provide for an exchange of scientists, researchers, and technological research and to promote the outcome of such research in both countries. A joint scientific and technological cooperation committee would be appointed comprising representatives named by the respective countries. Mr. Dissanayake said that this agreement would contribute to the direct development of the country's economy. The special correspondent said that the two prime ministers discussed economic, political, bilateral, and regional issues. The prime minister was hosted a lunch by the Korean Federation of Small Businesses on behalf of three other business organizations. The prime minister speaking at the luncheon said that Sri Lanka had achieved a noteworthy development among the developing countries. He said that the Asian region as a whole was witnessing an accelerated development. The Asian region is likely to be most prosperous in the world by the next century. Mr. Wickremesinghe stressed that the road to victory was united action despite constraints. He is confident that cordial relations among entrepreneurs, as well as, governments would contribute to the progress of the region. A group of prominent businessmen in Sri Lanka also attended the luncheon.

ROK Signs International Energy Agency Accord

SK2705035194 Seoul YONHAP in English 0203 GMT 27 May 94

[Text] Seoul, May 27 (YONHAP)—South Korea has signed an accord on implementing International Energy Agency (IEA) programs for cooperation in solar power generation system and demand management technology, the Ministry of Trade, Industry and Energy announced Friday.

Korea's admission to these programs is likely to help promote the development of related domestic technology and information exchanges on utilizing solar power and restricting energy demand, the ministry said.

Currently, Korea participates in four other programs of the international organization—exchanges of information on energy technology, exchanges of technical information on greenhouse gases, propagation and analysis of proven energy technology, and research and development of heating-cooling systems.

President Inspects Armed Forces Frontline Units

SK2705054094 Seoul CHUNGANG ILBO in Korean 27 May 94 p 2

[By reporter Kim Hyon-ik from the eastern central front line]

[Text] Today, President Kim Yong-sam pointed out: "This is a very dangerous time because North Korea may give rise to any situation at any time," and stressed an attitude of vigilance against North Korea.

President Kim, visiting an unidentified ROK Air Force combat-fighter corps this morning, was briefed on the status of the corps. He said that "North Korea is in an extremely difficult situation which we can hardly imagine," and asked officers and men of the corps to assume a firm alert posture for an emergency.

President Kim revealed that "North Korea has suspended the operation of many plants and closed them. Their number exceeds what we had estimated. Besides, electric power is supplied to farms only three hours a day. The voltage is so low that it is difficult to watch television. Many soldiers are ill-fed due to food shortages, and the unit composed of soldiers suffering under-nourishment is being managed separately."

President Kim also emphasized that "despite the shortage of food and oil, North Korea is staging Air Force exercises frequently and its flight training extended even to areas close to the armistice line. Peace on the Korean peninsula can be maintained only with our power, and if we fail to have it, peace can never be maintained."

President Kim revealed that "about 15,000 North Korean loggers are working in Russia, and 100 of them sought political asylum at our embassy."

Following his visit to this combat fighter corps, President Kim inspected a certain ROK Army division in the eastern front line and the headquarters of a certain naval fleet.

Students Flock to Kwangju for Anniversary

SK2705074794 Seoul YONHAP in English 0735 GMT 27 May 94

[Text] Kwangju, May 27 (YONHAP)—Tension is mounting in this southwestern city as students from across the country arrive to celebrate the eve of the sailing of the second-term Hanchongnyon (the Korea Federation of Student Councils).

The nationwide student organization will hold its main event Saturday at the Choson University stadium, where Friday evening's celebration is also being held. On Sunday, Hanchongnyon plans to stage a parade after a citizen-student resolution rally in front of the South Cholla provincial government building.

The local police agency, estimating over 30,000 students from throughout the nation will attend, plans to mobilize 14,000 riot troopers from 117 police companies to handle any emergencies.

Scores of illuminators and loudspeakers have been installed around a large podium and other places on campus in preparation for an inauguration rally and other celebratory functions.

Hundreds of placards and flags are waving at every corner in the campus area, trumpeting the festival organized by the student group.

Hanchongnyon has completed arrangements for lodging 50,000 students from across the country it expects to attend while preparing some 200,000 lunch boxes and thousands of printed leaflets for the event. Those involved in printing and supplying food for the lunch boxes are doing a booming business in Kwangju.

Furthermore, the Choson University student organization has organized a corps of 1,500 volunteers to assist participants.

Hanchongnyon leaders said students from other parts of the country started to head for Kwangju early Friday morning, adding that all preparations for the event are progressing smoothly.

Democratic Party Votes in New Floor Leader

*SK2705034694 Seoul YONHAP in English 0206 GMT
27 May 94*

[Text] Seoul, May 27 (YONHAP)—The main opposition Democratic Party (DP) held a lawmakers' meeting at the National Assembly Friday and elected Rep. Sin Ki-ha as their floor leader for the next two years.

Sin, 53, a third-term representative from Kwangju, defeated the incumbent floor leader, Rep. Kim Tae-sik, by receiving 49 votes to Kim's 46 with 96 DP lawmakers taking part in the vote. One vote was taken as an abstention.

Sin's election came as a surprise to many as he represents the non-mainstream faction while the incumbent had been endorsed by Chairman Yi Ki-taek, Rep. Kim Won-ki, a leading member of the Supreme Council, and followers of former Chairman Kim Tae-chung.

The party will now have to live under an awkward arrangement in which the mainstream leadership must carry out parliamentary business through a whip from a non-mainstream faction.

As a result of Friday's election, discord between the two large factions in the opposition party is expected to deepen.

Analysts said Sin apparently managed to demonstrate unexpected strength because the competition was waged more on personality than on factional considerations.

Many DP lawmakers were obviously wary of re-electing the already- powerful Kim Tae-sik to another two-year term, they said.

Sin is currently a member of the policy-making Supreme Council and chairman of the DP's Kwangju city chapter.

Article Foresees Discord Within DP

*SK2705074494 Seoul YONHAP in English 0622 GMT
27 May 94*

[Text] Seoul, May 27 (YONHAP)—Rep. Sin Ki-ha was elected the Democratic Party's [DP] floor leader at the National Assembly Friday in an upset over incumbent Kim Tae-sik, heralding further discord between the party's main and non-mainstream factions.

At a meeting of 96 DP lawmakers, Sin, 53, a third-term representative, defeated Kim Tae-sik and established a non-mainstream foothold in the party leadership dominated by mainstreamers.

Although Sin reportedly captured one of the three main party posts on the strength of his personality rather than factional considerations, his election could emerge as a major factor in the fight for party control at the national convention next year.

Kim Tae-sik had been backed for another two-year term as the party's whip in the unicameral legislature by Chairman Yi Ki-taek and followers of retired Chairman Kim Tae-chung, who is still a powerful force within the party.

With Sin's election, the top leaders of the main opposition party find themselves in an awkward position as they must conduct parliamentary business through a non-mainstreamer.

Reps. Kim Sang-hyon, Chong Tae-chol and other leaders of the non-mainstream faction, criticizing the policies of the mainstreamers, had been demanding that the party hold an early national convention and undertake reform.

The party's Supreme Council is its policy-making body and the floor leader simply carries out the policy crafted by the nine-member council. Some analysts, therefore, warn that too much significance should not be placed on the floor leader's role.

Nevertheless, Sin's election is an ominous sign for Chairman Yi Ki-taek, who has already been having difficulty controlling the Supreme Council, many of whose members do not see eye-to-eye with Yi on major issues.

On top of that, Yi will now have to work with a parliamentary whip who is from the opposing faction.

In any event, speculation abounded in the wake of the election Friday afternoon as to what worked in favor of Sin, considered a definite underdog even hours before the vote.

Some said several DP lawmakers must have felt it was undesirable for one person—in this case, Rep. Kim Tae-sik—to monopolize the floor leader's job, regarded as the most "glamorous" of the top party posts and as such coveted by many.

There must have been quite a few "sympathy votes" for Sin, who had not held any top posts until now even though he has been elected to the assembly three times, they said.

The mainstream faction, on the other hand, may have been overconfident of Kim Tae-sik's re-election since Kim Tae-chung followers, or the Tongyodong faction, far outnumber the non-mainstreamers.

Many Tongyodong faction members obviously crossed the line and voted for Sin as their leaders failed to exercise sufficient discipline, according to independent observers.

They note that Sin, who is from Kwangju, the Democratic Party's power base, had been working hard to win the election among his high school and university alumni.

They also point out that Sin visited Kim Tae-chung Thursday night and appealed to him to remain neutral in the election.

Whatever the reason that Sin was catapulted into the floor leadership, each DP faction is certain to tighten control over its members and work to entice more outsiders into the group.

As a consequence, intraparty discord and factional fighting will intensify as the DP marches toward next year's momentous national convention that will decide who is to lead the main opposition party.

* DLP Reportedly Low on Political Funds

942C00108A Seoul SINDONG-A in Korean Apr 94 pp 206-217

[By reporter Kim Song-kol]

[Excerpts] With a grasp on power, political funds are bound to come in. Compared to the past, sources of political funding have been cut off, but Democratic Party (DP) faction lawmakers have not been doing that much "money grumbling." Being in a position of power helps fundraising considerably.

Looking at the spending of one newly-elected Democratic Liberal Party (DLP) lawmaker, he is clearly on a very tight budget. His monthly expenditures are about 10 million won (W). Because his constituency is spread out over two counties, rent for the offices of two local party chapters is W 1.5 million. To this W2.5 million is added for the salary of secretaries and other employees and W500 thousand in telephone bills. This means W4.5 million is needed for local chapter office-operating expenses alone.

Operating expenses for an office in the National Assembly Members' Office Building are not small either. The two phones provided by the National Assembly not enough, he installed one more phone at his own expense. The bill for this phone is about W300 thousand every month. He also has to have about W200 thousand a month for treating visitors to a W3-thousand lunch in the Members' Office Building cafeteria. And no matter how tight his budget, he cannot ignore his four employees. He gives them each W50 thousand (per month), nominally as a lunch allowance, which comes to W200 thousand.

Here, he has no choice but to pay for office coffee, newspaper and magazine subscriptions, and office supplies. Since he has to go around his district every weekend, gasoline costs are no small burden.

When he goes down to his district, even though he meets with constituents he is frugal, because of his rather thin wallet. In the case of campaign rallies and other various kinds of gatherings, he spends W100 thousand if the meeting is of myon-level or above and W50 thousand if it is below that, in order to save face.

In the cost of these meals too, he is determined not to go over W4 thousand per person. Ribs are out of the question; the best he can do is kimchi pot stew and cheap Korean liquor. He has even heard constituents say: "Is there anyone going without food these days? You're telling us to take the trouble to come out just to eat kimchi pot stew?"

As for occasions calling for congratulations or condolences, he decided not to send any flower wreaths beginning in July of last year, and though not much, he was able to save W3-4 million. He expressed his condolences by visiting and showing his face at the home of the bereaved or with a thin envelope containing W30 thousand.

Calculated in this way, he is left with W3.5 million out of W10 million. This money is soon gone, however, just as food is soon gone from the home of a poor family with many children.

"I haven't seen a paycheck in some time," says this lawmaker, expressing his regret over his lack of funding. "If I just had W20 million a month, I could do a good job of it."

However, the limits of his income are obvious. All he gets is about W4.5 million a month with his National Assembly Member Allowance and support funds from a support association. Last year, W53 million in support funding came in. Calculated by the month, that is W4.4 million. Put the two together and it still does not amount to his monthly expense of W10 million. He has been making up the amount he lacks from his now ruined company.

"For opposition-party lawmakers, government officials will take them to dinner during times such as the periods

of parliamentary inspection, but for ruling-party lawmakers, there is nothing," he said, "Nobody pays any attention to a newly-elected lawmaker and even support funding is low."

This is a straightforward example of the difficulties due to political funding suffered by members of the National Assembly in the newly changed political environment.

The time has now passed when bundles of money containing several tens of millions of won were brought to ruling-party lawmakers by industry and others. Furthermore, due to the sudden implementation of the financial realname system last year, the brakes have been put on dark, under-the-table dealings, for now.

To make matters worse, the funding which used to be sent down by the president, the head of the party, has been cut off. With all this, political funding placed in the hands of DLP lawmakers is much less than in the past.

Only last year when they were called to the Blue House, inside the bus they were riding, lawmakers exchanged half-hopeful remarks, "Will there be nothing this time too?" When there were no "royal grants" forthcoming, even as they passed the new year, lawmakers realized that such expectations were themselves pointless.

In the past, President Chon Tu-hwan would always send them W10 million; President No Tae-u, W5 million.

Actually, this is nothing compared to the other money former presidents would give them. Under the guise of hometown activity expenses during holidays, etc., encouragement funds was conveyed to lawmakers on occasion. Also, when elections were drawing near, full-scale campaign funding would be sent to each candidate.

Honorary president of the Hyundai Group, Chong Chu-yong, became the topic of conversation when, before founding the United People's Party, he made public the amount of political funding he provided the Blue House. "I provided political funding two times a year: at Chusok, the Harvest Moon Festival celebrated on August 15th of the lunar calendar, and the end of the year," Chong revealed at that time, saying, "During the Third Republic, I directly gave them W1-4 billion annually; during the Fifth Republic, W5-6 billion annually; during the Sixth Republic, W6-10 billion annually."

Later, this statement by Honorary President Chong was hushed up, but it showed a cross section of the scale of political funds created by the Blue House.

The story is widely known about how President Chon Tu-hwan, as he retired from office, left President No Tae-u with W55 billion in political funds he had not used. Once after retiring, on an unofficial occasion, former president Chon even said, "President No Tae-u probably created a W500-billion political fund during his term in office."

Political funds thus created were put in envelopes and conveyed from time to time to members of the National

Assembly, ministers, and Blue-House secretaries. Of course, the price was loyalty to the president. Thus delivered money envelopes were distributed on down the organization; "money-envelope politics" reigned supreme.

Only a little while after President Kim Yong-sam took office last year, he clarified, "I will not accept money from industry." There had also been a "declaration" that the president would not accept money from industry while President Roh was in office. However, President Kim's promise is different in that it is being kept.

When it was revealed recently that DLP Party President (PP) Kim Chong-pil collected W100 million from industry at the late Chong Il-kwon's funeral, President Kim stated that he was not accepting even relief funding from industry, and, showing displeasure toward PP Kim, reconfirmed the ban on accepting money envelopes.

"During the last year, depending on your perspective, we can mention military reform and the implementation of the real-name system as achievements of the new governments, but the Blue House's not accepting political funds should be assessed the most highly," said Rep. Choe Pyong-yol.

"Due to the moral character secured as a result of this, although I don't know about the new government, President Kim Yong-sam's support rate is unlikely to fall below 50 percent," Rep. Choe also said, placing great significance on this.

It appears that almost all lawmakers are now certain of the fact that the "golden egg" which used to descend from the Blue House has been cut off.

Therefore, the majority of lawmakers are feeling they have to raise their insufficient political funds themselves. Fortunately, in spite of this is the fact that constituents and voters are showing an, although not sudden, at least slow change of awareness. There are many instances in which they do not particularly complain even though they are not sent floral wreaths on occasions of congratulations or condolences, and, when only "spare change" is spent for various events, of overlooking this, "Lately, what money do members of the National Assembly have anyway?"

It is a fact, however, that when compared with the changes of the political environment, change in the awareness of voters is slow. Intending to make up this difference, lawmakers are working hard, each in their own way, to raise political funds.

Political funds are bound to come in if one holds power. Although sources of political funding are to a great extent being cut off compared to the past, DP faction lawmakers are not complaining that much. A position of power is a great help to political fund raising.

Restrained by those around him as a power within the DP faction, Rep. Kim Tok-yong is turning down the would-be supporters crowding in, competing to see him

and offer political funding. Even after resigning his position as Minister of State for Political Affairs, as many people as ever come to see him. This is not unrelated to the fact that in his New Year's Press Conference President Kim mentioned his affection for Rep. Kim two times.

Taking a look into Rep. Kim's income, first, the annual legal limit for support association money of W150 million comes in with little difficulty. Last year, Rep. Kim used W100 million, in accordance with the law.

The help of his district Vice Chairmen's Group is also great. The Vice Chairmen's Group is generally made up of about 20 municipal assemblymen and small and medium businessmen. They hold a meeting every month which is also a unity rally. In this meeting, which includes a meal, a fixed amount is collected to be used to support district activities. By conservative estimate, this amounts to about W60 million annually.

Rep. Kim's local party chapter is actively participating in the party expenses payment campaign pursued by the central party beginning last year. The amount collected annually reaches the W50-million mark. 80 percent of this returns to the local chapter, so here he raises W40 million.

Totaling all these amounts, they reach about W250 million annually. So he can use about W20 million a month for activity funds. [passage omitted]

Due to these circumstances, Rep. Kim can be relatively free in his district. He also has little reason to be anxious about funding.

Since taking his post, Home Affairs Minister Choe Hyong-u is busier and does not have to time to go around his district. Although he occasionally had opportunities to go to his district after quitting his job as secretary general when his son was involved in the illegal college admission scandal last year, this is now completely impossible. However, he hears that the local chapter's executive office director is taking care of running the district using the support association membership fees and the contributions of the Vice Chairmen's Group.

Newly elected in a special election last year, Rep. Son Hak-kyu betrays little concern over money problems.

At the end of last year, Rep. Son went to visit "unfortunates," orphanages and homes for the elderly. Although not large, he was able to bring gifts that were not inferior either. And for last year's Taeborum (a holiday on 15 January by the lunar calendar), he held Yut tournaments in each tong. He aided 15 tong with W100-200 thousand each.

This time, however, the money did not go out through Rep. Son. The support association formed in early January of last year and the local party chapter solved the funding problem themselves. This means district-activity expenses are being secured in sufficient

amounts. Rep. Son, who has a free and easy character, does not even receive a report on the local chapter's use of funds.

Rep. Pak Chong-ung is also a newly elected lawmaker in last year's special election. As a member of the Sangdo-tong Kasin Group, he was the last to put on a National Assemblyman's badge.

Early this year, Rep. Pak opened a one day tea house to help the unfortunate in his district of Pusan. He had planned to use earnings made here for expenses incurred in making a New Year's visit to the Kyongnodang Orphanage, etc. Earnings were originally predicted to be W5 million, but upon calculating them after concluding the event, they were discovered to be much more than that. Because of this, he was able to leave a hefty gift with a poverty-stricken hilltop neighborhood.

These two newly-elected lawmakers are thus comfortably able to raise political funding partly because they have fresh images. However, it is more because they benefit from belonging to the DP faction.

DP-faction people protest that their comfortable money situation is not because of political funding. "It must be considered that we have no place to spend a lot of money because we have long lived the political life, penniless," said one DP-faction lawmaker.

The funding situation of Floor Leader Yi Han-tong, who entered the ranks of the top three in the party in reshuffle of party offices late last year, is not plentiful.

"With the upheaval last year caused by assets registration and the resignation of government officials, not only did businessmen not hand out any money, they didn't come anywhere near," said Floor Leader Yi when talk of political funding came up, stressing that the present mood is totally different than that of the Fifth Republic, "The past is gone."

Yi entrusts local chapter expenses to support-association fund raising and takes care of operating expenses for his Sodaemun office and his office in the National Assembly Members' Office Building himself. First of all, he was originally a lawyer and is a legal consultant for seven companies. He gets a monthly gratuity of from W500 thousand to W1 million from each company. He is not paid fees as a lawyer, but other lawmakers originally from the legal profession make an average of W10-20 million per month in legal fees.

Yi also occasionally receives money to be used for "personal expenses" from his classmates in the legal profession, it is reported. After the last presidential election, Yi strongly expressed an intention to run in the next presidential race and formed a support group of his classmates from North Kyongsang Province High School. However, the story circulated in political circles for a time that, warned by the Blue House, he did an about face, "prostrate on the ground, motionless."

The forms used by mid-level bosses to scrape together political funds in order to manage their factions no longer work. The collection of political funds is a problem, but this is because it can be easily interpreted as the actions of one eyeing the next presidential race. At the present, early in President Kim's term of office, the mood is one in which no one from either the DP faction or the Democratic Justice Party (DJP) faction will dare to step out.

A lawmaker with prominent abilities at least as far as political funding is concerned, Kim Yun-hwan has in actuality ceased political fundraising recently. He hoped to be given an important position in the reshuffling of party offices late last year, but when these hopes came to nothing, he actually reduced his personal office space and even the number of his employees. He did not want to be needlessly misunderstood.

Rep. Yi Chun-ku, who used to profess that he was directly junior to former president No Tae-u, had taken money from President Roh and used it to manage 20 some DJP faction lawmakers. He has been quiet, however, without any noticeable activity since President Roh left office. On top of not having much desire for material gain to begin with, the world has changed and he has fallen outside the interest of the media.

Borrowing the words of lawmakers close to him, he only comes out to the Suyohoe, a gathering of lawmakers, as a leading assemblyman elected many times and occasionally pays for dinner; he is living a quiet life, they say.

Even so, he is doing all right for a prominent lawmaker. Lately, with contributions from industry having ceased and Blue-House funds and funds for mid-level bosses having disappeared due to the implementation of the real-name system, generally newly-elected and reelected DJP faction lawmakers are poking around here and there, trying to come up with political funding; but it is not easy.

One DJP faction lawmaker, who was an object of scorn last year during the registration of personal assets because of his wealth, revealed that he has received requests from four of his senior lawmakers to join their support associations. This is an example showing the difficult circumstances of some DLP faction lawmakers.

"As for opposition supporter associations, they are small amount, majority systems, but it is characteristic of ruling-party supporter associations that they are large amount, minority systems. It is my understanding that they came asking for favors because they are having difficulty securing backers who will support them with large amounts," he said, "I respectfully refused to join because I too am a member of the National Assembly."

Up until the cold winds of the anti-corruption campaign came blowing in last year, it usually took W25 million to manage a local party chapter, lawmakers explain. Lately, however, this has shrunk to about W10 million as the reduction of various expenses, including monetary gifts

for funerals, weddings, etc., has become routine, and lawmakers agree that local chapter management is possible.

This is to say, if one only does support-association fundraising properly, one can get by because up to W100 million in support-association membership fees can be used annually. The Political Funding Law revised in the last special session of the National Assembly elevated the maximum limit on funds collected from support-association membership fees to W150 million.

It may be because PP Kim Chong-pil, leader of Republican Party (RP) faction lawmakers, is maintaining his position as the face of the party, but their financial situation is better than that of the DJP faction.

The RP faction has several persons holding party offices as portions allotted to it, such as Rep. Cho Pu-yong being Assistant Secretary General II. If one holds an important party office, such as Chief Secretary to the Party President, Spokesperson, Director of the Central Political Education Institute, Assistant Secretary General, or Planning Mediation Office director, one's funding situation improves conspicuously. Support associations become active and, depending on individual ability, sources of funding develop.

Of the ten local chapter chief organizer positions announced in early March, deputy spokesperson Cho Yong-chik brushed aside DP faction people to occupy the post in the Songpa-ul chapter. Although it is said that Cho was chosen this time out of recognition for his contributions as candidate spokesperson in the last presidential election, there is no mistaking that the prestige of Kim Chong-pil also influenced the decision to a certain extent.

Cho had not asked people around him for money envelopes. Now, however, with the justification resulting from his leaving behind the "indoors" of a nationwide constituency to entered the "field" of a local constituency, he plans to sound out the intentions of his classmates and friends. It is his thinking that, inasmuch as his political position is not shrinking, it is not too much to expect the support of those around him.

Last year, DLP lawmakers received no political funding from the Blue House and almost no support from the central party either. Just once, in a meeting of members of the National Assembly and local chapter chairmen held before the summer season's hometown activities, they divided a total of W3 million. Local-chapter chairmen not active members of the National Assembly received W2 million more at Chusok last year. This is because the funding situation is not good in the central party either.

The DLP's 1993 income was approximately W36.7 billion. This is about one-third of its 1992 election-year income of W96.5 billion. As these are the figures

reported to the Central Election Management Committee, it appears the actual difference will be much greater.

Contrarily, with 1993 expenditures of W94.3 billion, the DLP recorded a surplus of W2.2 billion. We see this sort of result because, although it had high expenditures, its income was greater. Last year, however, with expenditures on the scale of W40.4 billion, it had a deficit of W3.7 billion.

Having deposited in a bank the over W7 million in proceeds from the sale of its Karak-tong training institute last year, the DLP made up its deficit with the resulting interest income. DLP officials are not at ease about this, however, since it appears the tax on the sale of the training institute will amount to W30 billion. Details of last year's expenditures:

- operating costs including labor costs, W23.5 billion;
- organizational-activity costs, W8.6 billion;
- policy costs, W7.5 billion; and
- publicity costs, W700 million.

Paid employees of the DLP executive office are worried, not knowing when they may lose their jobs under the slogan, getting rid of the flab. Although party officials have said there would be no personnel reductions in the current reorganization of the executive office, this has not completely dissipated their worries.

At present, the number of paid employees is about 780: over three hundred for the central party, provincial, and municipal branch offices and 474 local-chapter chief secretaries and organization department chiefs. The party cut back 799 persons last March. And beginning last year, there is a continuous two year pay freeze in effect.

The funding sources needed for operating the DLP are national grants, designated trust funds, party membership fees, and party-support association support funds.

A national grant is money from the national budget for aiding political party activities. As provided by the Political Funding Law, the state divides among political parties a sum calculated at W600 per voter.

In the recent special session of the National Assembly, this was revised and raised to W800 per person. Last year, the DLP received W8.48 billion in national grants. That is close to half of the entire W17.4 billion worth of national grants given.

The term designated trust fund refers to a donation presented by a contributor to the CEMC after designating a specific political party. Of course, the CEMC conveys this trust fund to the appropriate political party in regular periods.

Last year, designated trust funds amounted to W19.9 billion. Inasmuch as the entire amount is to be given to the DLP, it is an important source of DLP funding. The DLP has commissioned a 45-person finance committee.

These finance committee members make designated deposits. During the parliamentary inspections, the opposition demanded that the list of designated depositors be made public, but this was not realized due to the opposition of the DLP.

There was also bickering between the ruling party and opposition over these designated trust funds in the six-man negotiations for the revision of politics-related laws. Entering the new year, these drew the extraordinary attention of the political world. Giving reasons such as that there could be favors given as the price of donation, the DP argued that specific political parties should not be designated, rather, that moneys should be distributed according to the number of seats a party controls and the percentage of the vote it obtains. The DLP violently opposed this, however. Their thinking was that it was only right that the will of the person or corporation donating the political funds be respected. Moreover, it even argued that these should not pass through the CEMC, but should be donated directly to the political parties.

Ultimately, negotiations concluded in the maintenance of the method now in effect, as was argued by the DLP. The CEMC's revision proposal, that 25 percent of designated trust funds be distributed to all political parties according to the number of seats and percentage of the vote they control and 75 percent be given to the party designated by the contributor, was not adopted either. After the negotiations were over, Floor Leader Yi Hantong said, "These were the excessive demands of the opposition, which hide an ulterior motive of trying to obliterate the ruling party." This shows the situation of the DLP, which considers designated trust funds important. Besides this, party-membership fees and party-support association support funds amounted to W8.2 billion.

With the increased difficulty of the financial management of the party, expense accounts for party officials are less than expected. Beginning with the W20 million PP Kim Chong-pil receives every month, the secretary general gets W4.5 million; policy-committee chairman, W9 million; National Assembly floor leader, W18 million. The reason the expense accounts are not just given in W10-million increments is that party expenses this year were cut 10 percent across the board.

In the case of the secretary general, last year when Choe Hyong-u held the office, he cut his own portion, making it less than that of the other two of the three main party offices. However, the secretary general of the ruling party holds power said to match that of the ten ministers, such as having control of personnel and financial actions within the party, so the expense account provided by the party cannot be said to be his only source of funding.

The floor leader within the National Assembly has to deal with both ruling and opposition-party lawmakers, and so takes special care. He is also chairman of the House Steering Committee, and therefore can use an

expense account of over W25 million, which includes the over-W7-million expense account of the Steering Committee Chairman.

Of the three main offices, that of Policy Committee Chairman is the position with the most heartache over the expense-account issue. In the past, policy issues were completely dumped in the lap of the administration; this has resulted in relatively poor treatment for the Policy Committee Chairman.

The Policy Committee Chairman participates in various meetings being held practically every day. Although expenses associated with these meetings are not that great, dinner expenses are a problem. Combined dinner-meetings held in a restaurants are okay. Even though there be a fairly large number of participants, W200-300 thousand is enough to cover it. He can put in a claim for the expenses to the party administrative office, and no one says anything about it.

However, most meeting agenda's are hurriedly decided upon, so it is common for reservations to be made with a hotel restaurant. Dinning expenses are usually W30 thousand for lunch and W50 thousand for dinner. If a few rounds of drinks are added to this, no one will readily want to pay for it. This is because the cost could easily go over W1 million if to the expenses of the over ten participants are added those of their attendants.

In this case, the Policy Committee Chairman has to help pay for it. Once may be okay, but if this happens frequently, there is no way he can handle it with only his expense account. "In short, I'm no different than a beggar," said Policy Committee Chairman Yi Ki-taek of the expense account.

Thus, to produce correct, realistic policy, he needs to visit hilltop neighborhoods, farming villages, factories, and remote islands, but this is impossible with the expense account allotted him by the party. In most instances, due to various circumstances, such activities end in sitting down to the table to listen to the opinions of the government or related organizations.

Of senior officials, it is the minister of state for political affairs who has the largest expense accounts for activities, etc. Last year, he received about W22 million, but this year it almost doubled. Together with his information-expense allowance, it reached over W32 million. This money all comes out of the administration's budget. This is out of concern for the wide range of people with whom the minister of state for political affairs has to deal: ruling and opposition-party lawmakers, government bureaucrats, and even opposition figures not presently holding office.

After taking his post late last year, Minister of State for Political Affairs So Chong-won even bought lunch for opposition reporters. These official activity expenses are not ample enough to be used for activities in their own constituencies, say these senior officials. Instead, they

are aided in securing funding sources resulting from personal connections, they say.

Ordinary lawmakers raise official and unofficial political funds through their own career and school connections. Lawmakers who originally held high-level positions in former administrations use connections made through their past government posts to overcome difficult, political-funding circumstances.

Rep. An Mu-hyok, who had been commissioner of the National Tax Administration and director of the Agency for National Security Planning, feels no great difficulty in political funding. With a nationwide constituency, Rep. An runs the Korea Development Research Institute Hanguk Kaebal Yongukwon, and holds a monthly seminar sponsored by this institute. Expenses are sufficiently covered by the W10-thousand fee paid by each of the participants. 14 employees work at the research institute, and it even publishes a quarterly magazine called, *Korean Development*.

The research institute also has 22 directors. Of these directors, nine contribute from W500 thousand to W2 million every month. Many of the seminar participants and directors are either persons who formed connections with An while he held his past offices or are businessmen originally from the North who support conservative policy.

In the same way, Rep. Kang Kyong-sik, who long lived the life of a bureaucrat at the Economic Planning Board and was Finance Vice Minister and Chief Presidential Secretary, runs the National Management Strategy Research Center.

Lawmakers Ho Sam-su, Ho Hwa-pyong, and Yi Sang-chae, who boasted enormous power during the early 5th Republic, are also reported to have their own solid financial supporters.

Rep. Choe Pyong-yol too, who had been both Information and Labor minister, feels no difficulty in political funding due to his relationships formed up to now with relevant figures in academic circles. It is also said that those lawmakers with nationwide constituencies who show the potential for someday being selected to head a government ministry have no problems getting political funding.

Regardless of their faction, lawmakers having special relationships with the financial world seem to have money to spare.

Belonging to this group are Rep. Kim Chae-kyom, originally from the Ssang Yong Group and presently acting as group counsel, Rep. So Chong-hwa, who was Home Affairs Minister and is the father-in-law of the Korea Explosives Group's C.E.O, Rep. Na Ung-pae, who was Economic Planning Board Director, Finance Minister, and president of Haetae and Korea Tire, and Kang Sin-cho, who was president of Tongyang Investment Trust.

Because they solve their own political-funding problems, lawmakers with large assets do not worry over political fundraising. These wealthy men have considered the formation of support associations undesirable: they do not bring in much money anyway and result in annoying civil appeals. However, as the legal number of local-chapter support association members was increased from two hundred to three hundred with the recent revision of the Political Funding Law, they are now hastening the formation of support associations for strengthening localchapter organization.

"We formed a support association last year, but it only brought in W10 million in support funds. This is actually a loss when you think of the expenses incurred in recruiting people," says one wealthy lawmaker who in the private-assets registration ended up in the ranks of the richest in the party. "But I will continue so local chapter members will understand that this takes money," he says.

An example of a peculiar case is former television personality Rep. Yi Sun-chae. Completely depending on his support association of over twenty very close friends, he puts his "face" to good advantage, using his advertisement-modeling fees for his political funds. Rep. Yi, receiving W100 million in advertisement-modeling fees this year from W Publishing Company [as published], acquired the "live rounds" he needs for a year's political battles.

Rep. Pak Pom-chin, was the first ruling-party lawmaker to raise political funding by making use of newspaper advertising. Last year he received over W120 million from over 2600 people. Rare for a ruling-party lawmaker, he made public his expense details. It was revealed that he used W13 million a month, including over W1.2 million for congratulations and condolence costs.

Conducting parliamentary activities even while directly farming, Rep. Pak Kyong-su's average monthly expenses, even though a ruling-party lawmaker, are only a little over W1.5 million. For weddings, funerals, etc., he sends telegrams of congratulations or condolence, without sending any cash or presents. As one part of the Farm-Village Bachelors Marriage Campaign he is conducting, when he sponsors unmarried, Korean women living in China for immigration to Korea, he receives in advance his annual pay as an Assemblyman and uses it to welcome them.

In the recent special session of the National Assembly, both the ruling party and the opposition passed the Public Election and Election-Irregularities Prevention Law. According to this law, in the event of excessive campaign spending as in the past, the election of the guilty party will be invalidated and he or she will be restricted from running for public office for up to a maximum of ten years, which could in fact end his or her political career.

Of course, enforcement of the law remains an issue, but it appears the "30-wins-20-losses" extremes of corruption seen in the last election will disappear.

However, just because election campaign expenses have been severely restricted does not mean political funding worries have vanished. Many lawmakers worry that everyday expenses will be greater than those at election time.

They say this is because if they have to recruit unpaid volunteers for most of their campaign workers, it will take a tremendous amount of effort.

Also, if, as in the past, they wait until election day draws near to appeal to voters for their votes, it is obvious that they will be thrust aside by political hopefuls who have been hitting the pavement in their districts. Therefore, no matter what, they have to go down to their districts one or more times a week, they say.

In these circumstances, even spokesperson Ha Sun-bong, whose face is often seen in the media, unhesitatingly goes down to his Chinju, South Kyongsang Province district on weekends as long as there is no special function going on. On Saturday morning, his pocket contains W1 million, but by Sunday evening, only two or three thousand-won bills are rolling around in it.

Bank of Korea Reports 8% First Quarter Growth

*SK2705082794 Seoul YONHAP in English 0644 GMT
27 May 94*

[Text] Seoul, May 28 (YONHAP)—The South Korean economy is picking up faster than expected, with the Gross National Product (GNP) growing 8.8 percent in January-March, the Bank of Korea [BOK] said Friday.

The healthy nature of the growth led by the manufacturing industry and facility investment, compared with the overheating in the construction sector and consumption in the 1980s and early 1990s, brightens economic prospects even more, BOK officials said after studying the tentative estimate.

Accordingly, the central bank raised its forecast for this year's economic growth to above 7 percent from last December's 6.3 percent, but voiced fears of economic overheating due to shaky prices and increasing consumption.

GNP was 51.48 trillion won in terms of 1990 constant prices (63.8 billion U.S. dollars in current exchange rate) in the first quarter of the year, up 8.8 percent from 47.43 trillion won a year earlier.

The growth is the highest since 10.7 percent in April-June 1991 while the Gross Domestic Product (GDP) also soared 9.1 percent during this period, again the most since the second quarter of 1991.

Facility investment and a recovery in the manufacturing sector were major contributors to the better-than-expected economic growth in the first months of the year.

Due to high hopes of an economic rebound, facility investment surged 20.2 percent, the highest since 23.7 percent in January-March 1988, thanks to 21.3-percent growth solely in machinery.

Manufacturing grew 9.8 percent, the most since 11.5 percent in the winter of 1991, with the light industry increasing 1.2 percent for the first time since spring 1992 and the heavy and chemical industry rising 13.2 percent.

Electric, gas, and water works rose 16.1 percent; service, 10.3 percent, and construction, 8.2 percent. Agriculture and forestry, which decreased 6.8 percent last winter,

rebounded with 4.8-percent growth. Commodity and service exports increased 8.9 percent.

External conditions look good, with an improved world economy and a strong yen, and facility investment at home should be active, BOK Governor Kim Myong-ho said.

Should this trend continue, the domestic economy may well rise above 7 percent this year, he said.

But there are signs of economic overheating.

Consumption in January-March hit 3.3 percent and the current-account deficit surged four times to 2.52 billion U.S. dollars from a year earlier with imports on the rise.

Household consumption also hit 6.9 percent, the highest since 7.1 percent in April-June 1992.

Burma

More on Visit by Indonesian Minister, Delegation

Meets Burmese Counterpart

*BK2505160594 Rangoon Radio Burma in Burmese
1330 GMT 25 May 94*

[Text] Mr. Joop Ave, minister of tourism, post, and telecommunications of Indonesia, called on U Soe Tha, minister of communications, post, and telegraphs, at the latter's office at 1630. At the meeting they held talks on development and bilateral cooperation on communications, post, and telegraph matters.

Received by Gen Maung Aye

*BK2705010894 Rangoon Radio Burma in Burmese
1330 GMT 26 May 94*

[Text] General Maung Aye, vice chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma], received Ir. [Engineer] Hartarto, visiting Indonesian coordinating minister of industrial and trade affairs, and delegation at the Defense Ministry's Dagon House at 1400 today.

Also present on the occasion were Lieutenant General Khin Nyunt, SLORC secretary-1; Lt. Gen. Tin U, SLORC secretary-2; and U Ohn Gyaw, minister of foreign affairs.

The Indonesian goodwill delegation led by Mr. Hartarto called on Vice Admiral Maung Maung Khin, SLORC member and deputy prime minister, at the latter's office at 1500. They held cordial and frank talks on foreign investment, bilateral economic cooperation, and promoting goodwill.

Minister Briefs Indonesian Delegation

BK2705053394 Rangoon Burma Television Network in Burmese 1330 GMT 26 May 94

[Text] A meeting was held at the International Business Center today at 0900 to explain the economic development situation and investment opportunities in Myanmar [Burma]. The meeting was attended by Forestry Minister Lieutenant General Chit Swe; Trade Minister Lt. Gen. Tun Kyi; Lt. Gen. Kyaw Ba, minister of hotels and tourism; Transport Minister Lt. Gen. Thein Win; Brigadier General Abel, minister of national planning and economic development; Information Minister Brig. Gen. Myo Thant; Deputy Foreign Minister U Nyunt Swe; Mr. Hartarto, the Indonesian coordinating minister for industrial and trade affairs; Communications Minister Dr. Haryanto Danudirto; Mr. Joop Ave, minister of tourism, posts, and telecommunications; senior departmental officials; entrepreneurs; Indonesian Ambassador to Myanmar Mohamed Sanusi; Myanmar Ambassador-Designate to Indonesia U Nyi Nyi Than; directors general and managing directors from government departments; local and foreign journalists led by U

Hla Tun, director of news and periodicals; members of the boards of directors of joint ventures and corporations; members of economic organizations; and invited guests.

First, Brig. Gen. Abel, minister of national planning and economic development, using a projector, explained the economic development situation and investment opportunities in Myanmar. He gave statistics on Myanmar's national races, population, and natural resources; economic development situation; key social and economic factors; investment opportunities; investment policies, objectives, incentives, and guarantees; the agriculture, livestock breeding, fisheries, forestry, energy, industry, and transport sectors; and short-term plan implementation.

Brig. Gen. Abel said that 91 foreign companies from 16 countries that understand Myanmar's investment policy had invested \$1.05 billion as of 16 March 1994. They are currently engaged in their respective business enterprises.

In response to questions from the Indonesian entrepreneurs, Brig. Gen. Abel said foreign investment was welcomed by the government on a case by case basis if foreign investors want to invest in enterprises that require a large amount of investment. He said that entrepreneurs can meet with the transport minister to discuss the details they require on investment in domestic and external air services. He then pointed to the guarantees for foreign investment contained in the Myanmar Investment Law.

He said Myanmar's economic growth rate is very fast and its economic strength is growing, and that negotiations can be held on a firm basis. He said foreign entrepreneurs can invest from 35 to 100 percent in joint ventures, and that the export processing industry has been marked as an area for investment. He said he expected gross domestic product to increase at an average of 5.2 to 6 percent yearly.

Brig. Gen. Abel said that 1996 has been declared Visit Myanmar Year; 500,000 tourists are expected to visit the country. He said we are aware of the enormity of this task. He said there is only one school in the country for training in the tourism industry. He said it is estimated that 1 million people need to be trained in the services sector for the expected 500,000 tourists. He said trainees would be sent to friendly countries such as Indonesia for training, and it is hoped that they will hold training courses in Myanmar in return. He said we expect to face many problems in this endeavor, but we hope to realize the goal with assistance from our Indonesian friends.

Speaking at the meeting, Mr. Hartarto, the Indonesian coordinating minister for industrial and trade affairs, and Mr. Joop Ave, minister of tourism, posts, and telecommunications, thanked Brig. Gen. Abel for his briefing on the economic development situation and investment opportunities in Myanmar. They said the presence of economic ministers at this meeting showed

the importance attached to the Indonesian delegation. They urged Indonesian entrepreneurs to participate effectively in Myanmar's economic sector.

Continuing, they pledged to assist in providing the necessary training and expertise to Myanmar's hotels and tourism sector. They said it would be necessary to have fast and effective communication in promoting economic cooperation between Myanmar and Indonesia. They said the two countries would soon cooperate to install more long-distance telephone lines. They expressed pleasure at the prospect of participation by Indonesian entrepreneurs in Myanmar's economic development.

The meeting ended at 1110.

Khun Sa Army Claims Responsibility for Sabotage

*BK2705094094 Bangkok BANGKOK POST in English
27 May 94 p 6*

[By Subin Khuankaeo]

[Text] Mai Sai, Chiang Rai Province—Warlord Khun Sa's Muang Tai Army (MTA) yesterday claimed responsibility for blowing up the dyke of a reservoir to cut the water supplies to the border town of Tachilek opposite Mae Sai.

An aide to Khun Sa said one of the MTA's five sabotage units which infiltrated Tachilek was responsible for the explosion along the ridge of the dyke, about one kilometre southeast of Tachilek. The explosion took place at about noon Wednesday.

The blast destroyed the dyke so that the reservoir drained into the Mae Sai River.

The deputy governor of Chiang Rai who inspected the border opposite Tachilek, said the blast had caused water shortages in the town.

The act of sabotage was apparently part of the resistance to the ongoing suppression drive by Rangoon forces against Khun Sa which has captured part of the Shan State.

An MTA source said about 1,000 government troops from the 77th Division in Shan Tung and 55th Division in Mong Yawng had arrived in Tachilek on Wednesday night.

They were expected to be despatched to Doi Kong Mon, about 20 kilometres southeast of Tachilek, which was captured by the MTA on April 18, in a bid to recapture it.

Heavy fighting in the area is expected very soon said the source.

Chao Khwan Muang, head of the political section of Khun Sa's MTA forces said at his command post at Doi Taw Kham near Doi Kong Mon that the Burmese people

were disillusioned with the State Law and Order Restoration Council which took control of the country in 1989.

He said the SLORC was nearing its end as the people had suffered enough under its administration.

Chao Khwan Muang said government jet fighters had flown over Doi Kong Mon but no airstrikes had taken place because of bad weather. On the Thai side of the border, government forces comprising rangers, border patrol police, provincial police and defence volunteers have been ordered on full alert along a 30-kilometre stretch opposite Burma to prevent soldiers from the two warring sides and villagers fleeing the fighting crossing into Thailand.

Villagers in Mae Sai district said about 300-400 Burmese had already sneaked across the border to live with relatives in the district.

A Border Patrol Police source said last night the border with Mae Sai was expected to be closed from today.

Than Shwe Holds Meeting on Rice Production

*BK2705102494 Rangoon Burma Television Network in
Burmese 1330 GMT 26 May 94*

[Excerpts] The first triannual coordination meeting of the State Law and Order Restoration Council [SLORC] and the state and division law and order restoration councils for 1994 was held at the Army Commander in Chief Office's meeting hall this morning.

Senior General Than Shwe, chairman of the SLORC and commander in chief of the Defense Services, attended the coordination meeting and delivered an address.

The meeting was attended by General Maung Aye, vice chairman of the SLORC and deputy commander in chief of the Defense Services; Vice Admiral Maung Maung Khin and Lieutenant General Tin Tun deputy prime ministers; members of the SLORC, secretary-1 and secretary-2 of the SLORC, ministers, chief justice, attorney general, auditor general, chairman of the Public Service Selection and Training Board, chairmen of the Yangon [Rangoon] and Mandalay City Development Committees, high-ranking officers from the Ministry of Defense, commanders of the regiments and divisions, deputy ministers, chairmen of the state and division law and order restoration councils, and responsible personnel. At the meeting, Lieutenant Colonel Pe Nyein, director general of the SLORC Office, acted as secretary of the meeting.

In his speech Than Shwe said: The main objective of this coordination meeting is to present, discuss, and coordinate on matters concerning programs to be carried out in 1994 and their successful implementation. He said economic growth rates in 1992-93 and 1993-94 are satisfactory because the state has sought increased paddy rice production by giving priority to the agricultural sector, guided the development of other economic sectors, and

designated the period since 1992-93 for stressing economic development of the country. He said 1994-95 has been designated as a year of growth in all-round production. That is why personnel from the respective states and divisions have to strive for the successful implementation of projects designated in all sectors. [passage omitted on tasks of personnel]

He continued and said: While we are striving for political stability and economic and social—health and educational—development, we are concentrating and working on economic development. One must be aware of the interdependency among the sectors. Food, clothing, and shelter are the most important elements in social life. That is why economic development is crucial to resolve food, clothing, and shelter problems. He said in 1993-94 that more 8 million baskets of paddy rice have been produced as targeted and he told personnel to continue efforts annual increases in paddy rice production. [passage omitted]. The meeting ended at 1600.

National Convention Delegate Joins Opposition

*BK2705041694 Hong Kong AFP in English 1737 GMT
26 May 94*

[Text] MANNERPLAW, Burma, May 26 (AFP)—Burma's National Convention, charged with drafting a new constitution for the country, is a "farce" aimed at keeping the ruling military junta in power, a convention delegate said Thursday.

"I have lost all faith in the National Convention," said Daniel Aung, who has defected to the opposition, at a press conference in this opposition stronghold near the Thai border, about 700 kilometres (420 miles) northwest of Bangkok.

The press conference was held to mark the anniversary of Burma's 1990 elections, in which the opposition won a landslide victory against the military junta, which then refused to recognize the election results.

Until last month, Aung was one of five leaders of a group of political parties—consisting of 99 deputies elected in the 1990 polls—at the convention.

He is the second delegate to the convention—which has 750 members, 500 of whom are appointed by the ruling junta—to have defected to the opposition since work on the constitution began in January 1993.

Aung conceded delegates were able to speak freely during debates at the convention, but said that the country's military leaders, who chair the proceedings, paid no attention to the deliberations.

"The SLORC (State Law and Order Restoration Council) simply went ahead and adopted the principles of its own choice," Aung said. "They just don't care."

Aung criticised the method for electing the country's next president which were devised to "only allow the military to permanently monopolize the executive power."

The junta has also demanded that the constitution grant the army "a leading role" in national affairs.

The former party leader also warned visitors of forming false impressions of Burma.

"Some foreign visitors in Rangoon might have the illusions that things in Burma are improving," he said.

"On the surface, in Rangoon, it might be true ... however, nobody dares to speak and it is because the whole population is still under the terror of guns," Aung said.

He also criticised the policy of "constructive engagement" adopted by the six member countries of the Association of Southeast Asian Nations (ASEAN) which calls for a rejection of western sanctions against the junta, or SLORC.

"I will state it briefly—the Burmese people do not like 'constructive engagement' with the SLORC."

Backing Aung was General Bo Mya of the rebel Karen National Union, the oldest and most powerful armed opposition group fighting against the SLORC.

The 67-year-old general, who is also president of the Democratic Alliance of Burma—comprised of rebel ethnic minority opposition groups—denounced the junta's call for a ceasefire with all rebel movements and rejected "any political solution."

The SLORC has signed official ceasefire agreements with 10 of the country's 12 rebel ethnic movements.

Bo Mya has demanded that the government recognise the rights of minorities, adding that the SLORC "frankly announced to us that if we wanted to talk politics, we'll stay outdoors of the meeting."

The mainly Christian Karens, who are Burma's largest ethnic minority and among the few groups that do not deal in opium, have adopted a defensive strategy in dealing with the military junta, aimed at retaining their zones of control.

The general has asked to hold "passive negotiations" with the government.

Seven ABSDF Insurgents Surrender in Mergui

*BK2705021594 Rangoon Radio Burma in Burmese
1330 GMT 26 May 94*

[Text] Members of armed groups who have come to realize their wrongdoings, after accepting the work being undertaken by the State Law and Order Restoration Council [SLORC] and its genuine goodwill, have been

giving up their armed struggle and continuously surrendering with their arms and ammunitions at various military camps.

Medical Orderly Yee Yee Soe, Platoon Commander Soe Moe, Deputy Platoon Commander Chan Aye alias Karli, and Privates Soe Naing, Kyi Myint, Than Tun alias Aung Tun, and Soe Maw from the ABSDF's [All Burma Students' Democratic Front] 203d Battalion surrendered together with one RPG launcher, three RPGs, three tracers, one M-79 launcher, 14 rockets, one M-16 automatic rifle, one M-18 automatic rifle, two AK-47 automatic rifles, one AK submachine gun, 723 rounds of ammunition, three mines, two fuses, four hand grenades, and assorted medicines to the Mergui Garrison on 23 May.

They were warmly welcomed by responsible personnel at the garrison.

Brunei, Malaysia & Singapore

Malaysia

Tunisian Prime Minister Arrives on Visit

BK2505134294 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 25 May 94

[Text] Tunisian Prime Minister Dr. Hamed Karoui and delegation arrived in Kuala Lumpur today to begin a three-day official visit to Malaysia. Dr. Hamed was accompanied by his wife, (Parasura) Karoui, Minister of Planning and Regional Development, Mr. Mustapha Nabli, Secretary of State for Scientific and Technological Education, Mr. Mongi Safra, and a number of senior government officials.

Prime Minister Datuk Sri Dr. Mahathir Mohamed, his wife, Datin Paduka Dr. Siti Hasmah Mohamed Ali and Deputy Minister of Health, Datuk Farid Arifin, who is the minister-in-attendance, were at the airport to welcome the guests.

An official welcoming ceremony will be held at the parliament tomorrow.

Cooperation Accord Signed

BK2605121994 Kuala Lumpur BERNAMA in English 0927 GMT 26 May 94

[Text] Kuala Lumpur, May 26 (OANA-BERNAMA)—Malaysia and Tunisia have agreed to establish a joint commission to study the possibility of having various agency to (?promote) the level of cooperation.

This followed the signing of a memorandum of understanding [MOU] between Malaysian Foreign Minister Abdullah Ahmad Badawi and Tunisian Minister of Planning and Rural Development Mustapha Nabli at a meeting at the Prime Minister's Department here.

The meeting was jointly chaired by Prime Minister Dr. Mahathir Mohamed and his counterpart Hamed Karoui. The MOU was aimed at providing the framework to foster greater economic and technical cooperation between the two countries.

Abdullah told reporters after the meeting that the Malaysian Industrial Development Authority (MIDA) has been marked as one of the agencies that might be involved in the cooperation with its Tunisian counterpart.

The MOU will also pave the way for the signing of the various economic agreement like the avoidance of double taxation agreement, the investment guarantee agreement, the (?services) agreement and the bilateral payments agreement.

Another important agreement signed was between the Tunisian Secretary of State for Scientific Research and Technology Mongi Safra and the Minister in the Prime Minister's Department, Abang Abu Bakar Mustapha. It is to pave the way for cooperation in the scientific and technological and religious fields.

Mahathir Hosts Banquet

BK2705090694 Kuala Lumpur Voice of Malaysia in English 0600 GMT 27 May 94

[Text] Malaysia will open a trade office in Tunis, Tunisia soon to boost direct trade. Prime Minister Datuk Sri Dr. Mahathir Mohamed, who announced this, also welcomed Tunisia's intention to open a similar office in Kuala Lumpur. Cooperation between developing countries, especially at the South-South level offered a growing potentials for trade, investment, and exchange of technology. The prime minister said this at a dinner he hosted for visiting Tunisian Prime Minister Dr. Hamed Karoui at his residence Sri Perdana in Kuala Lumpur. Dr. Karoui arrived in Malaysia on Wednesday on a three-day official visit, the first by a Tunisian head of government.

Datuk Sri Dr. Mahathir expressed confidence the memorandum of understanding which Malaysia and Tunisia signed yesterday would help increase direct trade between the two countries. The memorandum provides a framework to foster economic and technical cooperation. Malaysia is prepared to cooperate and will contribute to the improvement of Tunisia's economy. The prime minister viewed with keen interest the efforts of the Tunisian Government for economic and political reforms. He was confident that Tunisia would achieve greater progress and prosperity in times to come.

Trade Minister Meets British Counterpart

BK2405140394 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 24 May 94

[Text] The Malaysian Government is currently monitoring in detail the British media's change of attitude toward Malaysia. Datuk Sri Rafidah Aziz, minister of

international trade and industry, said this to British Trade Minister Mr. Richard Needham, who called on her in her office this afternoon.

Speaking to reporters, Datuk Sri Dr. Rafidah said Mr. Needham, who also called on the prime minister, made a long-term proposal aimed at further enhancing Malaysia-Britain relations because Britain considers Malaysia an important trading partner.

Meanwhile, during her meeting with Mr. Peter Sutherland, chief director of GATT agreements, she said they agreed that the international community is uneasy over the U.S. Congress' reluctance to approve the agreement which was signed in Marrakech, Morocco. The U.S. action in delaying the approval could create new problems which could result in the dissolution of the decision reached at the Uruguay Round. This would negatively affect all trading nations.

Cambodia

DK Army on Possible U.S. Aid for Government

BK2705040094 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian
2330 GMT 26 May 94

["Statement" issued by the National Army of Democratic Kampuchea spokesman on 26 May; place not given—read by announcer]

[Text] 1. High-ranking U.S. officials have arrived in Phnom Penh to consider military assistance to the two-headed government.

2. This is further irrefutable proof that the United States is interfering directly and deeply in the Cambodian issue.

The Party of Democratic Kampuchea [PDK] has repeatedly exposed this interference, and the international community is well aware of the fact that the Western alliance headed by the United States has continued kindling the Hanoi Vietnamese war of aggression in Cambodia by relying on the communist Vietnamese forces and their Cambodian puppets. The military offensives against Phnum Chhat, Stoung, Anlung Veng, and Pailin provide clear proof.

They have suffered repeated defeats in this war they have continued to kindle. Their forces are collapsing everywhere. In view of this situation, the Western allies, particularly the United States, have not sought an appropriate and peaceful solution that is beneficial to all sides for the Cambodian people [words indistinct]. They have resorted to every means to continue the war through to the end.

3. Military assistance from the United States and Western powers will hamper the Cambodian king's roundtable before it is even held.

4. Despite the announcement and appeal for military aid for the two-headed government made by Australian Foreign Minister Gareth Evans and Winston Lord, the U.S. assistant secretary of state for East Asia and Pacific affairs, ministers from the ASEAN countries and other peace-loving countries in the region and around the world have vehemently opposed such aid. They have demanded national reconciliation and peace in Cambodia in order to end the Cambodian problem permanently. But the United States has stubbornly sent its high-ranking officials to Phnom Penh to discuss the aid issue. This constitutes shameless and arrogant contempt for the Cambodian people and the entire international community.

The PDK, National Army of Democratic Kampuchea [NADK], and Cambodian nation and people most vehemently condemn the United States and Western allies providing military aid to the two-headed government. This aid will only kindle the communist Vietnamese war of aggression even more vigorously. The Cambodian nation and people do not want this war. The entire world has already said that the tragedy in Cambodia began after the United States interfered in Cambodia's internal affairs in 1970 and the communist Vietnamese kindled the war to massacre the Cambodian people at the end of 1978. Therefore, the United States should stop interfering in Cambodian affairs. The Cambodian nation and people and the NADK will continue to fight resolutely against all of the enemy's maneuvers—whether military or political—until eternal peace and national reconciliation is achieved for the beloved motherland.

[Dated] 26 May 1994

[Signed] The NADK spokesman

Sihanouk Says Impossible To End Partition

BK2605121494 Phnom Penh AKP in English 0945
GMT 26 May 94

[Text] Phnom Penh AKP May 26—His Majesty King Norodom Sihanouk has said that a solution is still impossible to put an end to the mortal de facto partition of Cambodia.

In a letter addressed the 25 May to U.N. Secretary General Butros Butros-Ghali, the king said Cambodia was unfortunately divided in two parties, one is the zone under the government control and another is the Khmer Rouge autonomous zone.

However, the king said he had to obtain from the Khmer leaders of the two warring parties a durable and unconditional cease-fire on the whole territory of Cambodia.

The Cambodian government side agrees with the cease-fire, but the Khmer Rouges still keep silence in this matter, King Sihanouk said.

The Khmer Rouges did not implement the Paris peace agreement of Oct 23, 1991, therefore a new meeting in Paris or Jakarta would be useless, the king said.

No one will be able to threaten the Khmer Rouges to do what they refuse to do, King Sihanouk said.

"This is a long-term problem which threatens the existence of Cambodia and worries me a great deal and causes me to fall in despair," he said.

King Sihanouk said he would preside over the roundtable talks at Chhangsu-on on May 27, with the participation of National Assembly Chairman Chea Sim, Co-Prime Ministers Prince Norodom Ranariddh and Hun Sen, and Khieu Samphan, president of Kampuchea Democratic party.

Khieu Samphan Proposes Cease-Fire Monitors

BK2705053094 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 26 May 94

[Text] His Excellency [HE] Khieu Samphan, head of the Party of Democratic Kampuchea [PDK], sent a message on 25 May to King Norodom Sihanouk. The gist of this message is as follows:

1. HE Khieu Samphan joyfully expressed his support for a unified and undivided Cambodia, with its territorial integrity in line with the frontiers recognized internationally from 1963 to 1969. He also voiced support for Cambodia's national ideals of peace, (?solidarity), unity, and progress toward rebuilding (?Cambodia).

2. H.E. Khieu Samphan also stressed the cease-fire issue to the king. He said the situation in Cambodia is very complicated because of the 24-year war. The Vietnamese war of aggression alone has already lasted for 15 years. In addition, foreigners—both old and new—have come to interfere in Cambodia's internal affairs, both militarily and as civilians.

For this reason, to enable the cease-fire to proceed genuinely, clearly, and permanently, H.E. Khieu Samphan and the PDK proposed to the king that foreign observers from five countries be chosen from among the following 10 countries: Brunei, Fiji, Papua New Guinea, Sri Lanka, Nepal, Switzerland, Austria, Finland, the Philippines, and Egypt. H.E. Khieu Samphan proposed that these neutral foreign observers join the Cambodian joint commission in monitoring the cease-fire.

H.E. Khieu Samphan proposed cease-fire monitoring in the central, western, and eastern parts of Cambodia and on Cambodia's seas. This will ensure the cease-fire and prevent foreign troops and arms from entering Cambodia. The cease-fire may begin any day as long as cease-fire monitoring is thoroughly arranged.

H.E. Khieu Samphan stressed that a cease-fire would be a chance at a solution to end the war and achieve national reconciliation and peace. Therefore, it should be thoroughly arranged. All of Cambodia's problems should be discussed at the roundtable meeting without any preconditions. This will enable all Cambodian parties to discuss and settle all problems—big and small—in

line with the goals (?of) genuine national reconciliation and peace which constitute the profound desire of our entire Cambodian nation and people.

Diplomat Says Malaysia Supplying Munitions

BK2605114594 Phnom Penh AKP in English 0939 GMT 26 May 94

[Text] Phnom Penh AKP May 26—Malaysia is supplying munitions to Cambodia to enable government troops to launch a major offensive to finally crush the Khmer Rouge, THE NATION quoted an Asian diplomat as saying.

He said he believes Malaysia has already "arranged large quantities" of munitions for Phnom Penh, in preparation for an all out attack on the Khmer Rouge next month.

The diplomat said the arms build-up is proceeding despite the fact that Cambodian leaders and the Khmer Rouge are scheduled to meet for peace talks in Beijing [as received] later this week.

He said that Malaysian weaponry is sophisticated and probably the best of all Asian countries.

Last week a grenade was thrown into the compound of the Malaysian embassy in Phnom Penh. Nobody was injured and damage was limited.

But the attack is being linked to a report that the United States, Australia and France, which are considering supplying weapons to Cambodia, are pressuring Malaysia to join them.

The envoy noted that Cambodia's first and second prime ministers, Prince Norodom Ranariddh and Hun Sen, had proposed to King Norodom Sihanouk that a cease-fire be called for June 13.

"It is possible that government troops, with military aid from Western countries and Malaysia, will launch a massive attack on the Khmer Rouge in an effort to eliminate them before the cease-fire," he said.

The three Cambodian leaders, Prince Ranariddh, Hun Sen and Chea Sim, have agreed to meet the Khmer Rouge nominal leader Khieu Samphan in Beijing on Friday.

The meeting has been called by King Norodom Sihanouk with the declared objective of securing a cease in hostilities between Phnom Penh and the guerrillas who still command large tracts of the war-torn country.

Khieu Samphan, according to the diplomat, is scheduled to meet King Sihanouk Wednesday in Beijing to discuss the conflict before he meets the Cambodian premiers and National Assembly Chairman Chea Sim on Friday.

VGNUFC: More SRV Troops Sent to Battambang

BK2705061094 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 26 May 94

[Text] On 21 May, the Vietnamese sent 20 truckloads of fresh troops to be stationed on the Route 10-Battambang battlefield. These Vietnamese troops stayed in Battambang Province for one day and one night to change their identity to the Khmer Royal Armed Forces before leaving for Route 10 to help the routed puppet soldiers who are fleeing the battlefield in disarray.

It should be recalled that at the beginning of May the Vietnamese sent 20 truckloads of troops to Battambang town to rescue the puppet troops, who had been routed from Pailin and various other important positions on Route 10 as well as the areas around Battambang town. Those puppet soldiers were smashed time and again even after being rescued by the Vietnamese troops.

This clearly proves that the aggressor Vietnamese troops have continued to fight in person on the Cambodian battlefield during the operation to seize Pailin. In March, 500 Vietnamese (?troops) also took part in the operation.

The Paris agreement demands the total withdrawal of the aggressor Vietnamese troops and forces from Cambodia, but the Vietnamese have refused to withdraw. Instead of overseeing the Vietnamese withdrawal, the UNTAC [UN Transitional Authority in Cambodia] helped the Vietnamese. This is why every manner of aggressor Vietnamese forces—in military uniforms and civilian clothes—and 4 million Vietnamese nationals are still in Cambodia. [Words indistinct] under Vietnamese control in the military and civilian aspects.

To solve the problem of war in Cambodia, it is imperative to remove all categories of Vietnamese forces—including the 4 million Vietnamese nationals—and all foreign interference in Cambodia's internal affairs so as to allow the Cambodian people and king to settle their own problems without any outside interference.

Finance Minister on Improvements in Economy

BK2705053694 Bangkok THE NATION in English 27 May 94 p A4

[By Marisa Chimprapha]

[Text] Phnom Penh—Cambodia is enjoying zero per cent inflation for the first time since the 1993 election, the government has stopped printing banknotes and has balanced tax revenue with government spending, Finance Minister Sam Rangsai said.

Before the election the country's inflation rate had reached 200 per cent, Rangsai said, adding that Cambodia should be registered as the only country to reduce its inflation rate to zero while its economy is developing after a decade-long war.

"The growth rate of the GDP in 1993 is 5 per cent and we expect to increase it to 7 per cent this year," Rangsai said in an interview with THE NATION.

Rangsai said that one year after the UN-organized elections the government is still functioning, and civil servants and police have been fully and regularly paid their monthly salary.

"One year after the election, the government can maintain itself, not collapse. It can provide public utilities for the people—water, electricity and other facilities. We did not collapse, although we got only US\$13 million from the UN against a promise of about US\$60 million for the first six months after the election," he said.

He blamed a budget deficit and inflation on the previous administration of then Prime Minister Hun Sen, of the Cambodian People's Party. The problem facing the country now was law enforcement, he said.

Paper Reports on Economic, Financial Issues

BK2605090394

[Editorial Report] Phnom Penh REAKSMEI KAMPU-CHEA in Cambodian on 25 May reports the following in its economic-business section on page 4:

On the issue of a cash-trapped state-run factory in Phnom Penh, the paper says Factory No. 8, which produces girders and iron sheets and which has been closed for nearly a year due to the lack of raw materials and funds, has finally been rented to a company named Hassan, owned by a group of local Muslims. According to an agreement signed on 29 April 1994, the Ministry of Industry, Mines, and Energy has granted the company the right to run the factory for a period of 20 years.

Concerning the income earned by the Posts and Telecommunications Ministry, the paper quotes Kev Vuthin, deputy director of the ministry's Planning, Accounting, and Finance Department, as saying that during the first four months of the year—from early January to late April—the ministry collected earnings of \$8.5 million and over 431 million riels for the state coffers. The deputy director has further said that the revenue is from the sale of postal stamps and fees charged for local and overseas telephone calls.

Finally, commenting on the issue of renting state-owned factories to private companies, the paper says the problem is now becoming increasingly complicated. It quotes a report as pointing out that at present, 15 companies still owe a total amount of \$185,000, the rental in the first quarter of the year, to the State. So far, 40 local and overseas firms have hired factories from the State, but only 10 of them are operative.

Editorial Deplores Lack of Economic Progress

BK2505152094 Phnom Penh KAMLANG

*SETTHAKECH THMEI in Cambodian 16-31 May 94
pp 1, 2*

[Editorial: "Are We Progressing or Retrogressing? When Will We Really Make It?"]

[Text] After the elections were held, the National Assembly formed, the Constitution drafted and passed, the king enthroned, and the Royal Government set up, the Cambodian people have hoped that with all of these accomplishments the country would at last enjoy peace, there would be happiness and security, and myriad foreign firms would flock in to invest in various fields, thus creating employment opportunities, educational and training facilities, and enabling Cambodians to rebuild their country and catch up with other more civilized nations.

What has happened, however, has been different from the expectations. It is observed that at present the politicians are busy quarreling with one another and political parties have nothing but mistrust for one another. Sometimes, people in the same party do not even speak the same language.

The fighting on the Anlung Veng and Pailin battlefields has produced no clear result; the proposal of a round-table for national reunification and reconciliation has met with many obstacles; the economic law principles have yet to be promulgated; more and more foreign investors have pulled out because they are afraid to stay; the number of freighters bringing goods to the ports has gradually declined; tourist attractions have become very quiet, unlike what they used to be not so long ago; while battles at the front have intensified and each side has resorted to greater and greater savagery in retaliating against one another.

When will the leaders of the political groups stop their bickering and join hands in national economic reconstruction efforts, as they pledged to do when they were begging for aid at the Tokyo ICORC [International Conference on the Reconstruction of Cambodia] conference?

At a time when the government cannot eliminate the Khmer Rouge and the Khmer Rouge refuse to take part in reconstruction, it is the people who suffer so badly. It is these ongoing disputes and wars between Cambodians that have deprived us of economic gain and completely stalled progress.

The new Olympic market problem remains unresolved; the old Olympic market continues to spill into the streets, thus severely blocking traffic; the state airline continues to be stranded; and a number of petroleum companies, such as Total, are forced to wait and wait for answers from the government. Will there be any other investors coming in if the situation, the economic stability of the country, continues like this?

Nevertheless, while some companies are visibly hesitant, a few others are optimistic enough to carry on, such as Golden Sea Shipping, which provides express transportation in the provinces; PAD, which takes charge of the city's garbage disposal operations; and a U.S. electric power company. These companies are carrying on as if nothing serious is happening.

We do not know we will see an economy which truly serves development, or when an economic authority can be set up by the government to thrust the country forward. This is because people can see that the government is spending the bulk of its energy and funds on ensuring its own political and security-military stability. This is a factor that has stunted the growth of the economic authority, preventing it from becoming the decisive factor. We would like to know when will the investment law, the trade law, and the concept of giving priority to economic infrastructure all take effect so we can truly activate Cambodia's economy.

Indonesia

REPUBLIKA Questions 'Reactive' Timor Policy

*BK2705093194 Jakarta Radio Republik Indonesia
Network in Indonesian 0600 GMT 27 May 94*

[From the press review]

[Text] The daily REPUBLIKA praises Philippine President Fidel Ramos for making a very tactical move to overcome a crisis in relations between the Republic of Indonesia and the Philippines by barring foreign delegates from attending a conference on East Timor to be held in that country. Apparently, although he put the credibility of his leadership at stake, Ramos attaches greater importance to Philippine national interests—maintaining good relations with Indonesia.

What lessons can be learned from the crisis? First, according to REPUBLIKA, East Timor has clearly become a very sensitive point in the context of relations between Indonesia and other nations. This means that we have to reassess how effective our overseas campaigns on East Timor have been and what strategy the Department of Foreign Affairs should adopt to deal with such cases. Second, Indonesia has been very reactive to such cases. The Indonesian Government should have dealt more coolly and [word indistinct] with the Philippine Government with regard to the conference because the reactive stand only benefits groups opposed to the integration of East Timor into the Republic of Indonesia. REPUBLIKA concludes that anti-integration groups may have intentionally provoked Indonesian anger.

Foreign Minister Hospitalized Due to 'Fatigue'

*BK2705100094 Singapore THE STRAITS TIMES in
English 27 May 94 p 21*

[By Paul Jacob]

[Text] Jakarta—Foreign Minister Ali Alatas was admitted to a Jakarta hospital's intensive cardiac care unit on Wednesday for what officials would only say was "fatigue".

Dr. Budi Trisulo, Mr. Alatas' personal physician, confirmed yesterday that the 61-year old foreign minister had been hospitalized but declined to say more.

ANTARA National News Agency quoted Foreign Ministry spokesman Irawan Abidin as saying that doctors have ordered Mr. Alatas, a heavy smoker, to take a complete rest for at least two weeks.

That would mean that Mr. Alatas, who was appointed foreign minister in 1988, would be unable to attend a meeting of the Indonesia-Malaysia joint ministerial commission in Kuala Lumpur. He had also been scheduled to fly from Malaysia to Egypt to attend a meeting of the Nonaligned Movement's foreign ministers.

A key point on the Cairo agenda is the question of who succeeds Indonesia next year as chairman of the 110-strong movement.

Daily Comments on Banks' Raised Deposit Rates

BK2505104594 Jakarta SUARA PEMBARUAN in Indonesian 10 May 94 p 2

[Editorial: "The Banks' Raised Deposit Rates"]

[Text] Even though earlier this week some state-owned commercial banks such as the BNI [Bank Negara Indonesia—Indonesian State Bank] and BTN [Bank Tabungan Negara—State Savings Bank] raised the interest rates on their deposits, they promised that the lending rates will not be raised. This was confirmed by Widigdo Sukarman, president director of BTN, and R. Syahdeiny, director of BNI, in conjunction with the announcement on the increase in the interest rates on deposits with maturity of one to three months by 0.5 percent to 9.5 percent effective 3 May.

Briefing newsmen on Tuesday, the two state banks executives reiterated that the rise in the deposit rates will not be accompanied by a rise in the interest rates for credits. This is because commercial banks have to adjust their deposit rates to supply and demand conditions in the banking industry. Apart from that, the national banking industry is burdened with the task of achieving the credit expansion target to step up economic development.

It is not easy to maintain the lending rate at the same level all the time while the deposit rates tend to increase. This is because, according to the two bankers, these two types of bank interests are mutually influencing each other.

However, it is very important for the government to maintain the banks lending rates in effort to spur economic growth through the bank credit expansion scheme. As we all know, under the 1994/95 fiscal year

the bank credit expansion is expected to grow by 18 percent. But now we doubt if the target could be achieved because of the recent increase in the interest rates on the deposits.

Lately, several private commercial banks raised the interest rates on deposits to comply with the development in the foreign financial market. The rise is linked to the 0.25 percentage point increase in the U.S. Federal Reserve rate from 3.50 percent to 3.75 percent at the end of March.

Based on the record of the upward trend in the interest rates on deposits, several commercial banks last week raised their deposit rates for short-term maturity. As a matter of fact, the ABN [Algemene Bank Nederland] had increased the interest rates to about 0.5 percent point since the end of March on one to three months deposits and this was followed by Panin Bank and BDNI [Indonesian State Commercial Bank].

Meanwhile, Bank Aken and Synergy Bank made adjustments to their deposit rates after banks in Singapore increased their deposit rates by an average of 0.25 percent. The signs that the state banks were going to increase the deposit rates were apparent since the beginning of March.

Observers of development in the foreign monetary system have anticipated that the bank interest rates will continue to rise phase by phase. According to their calculation, ideally, the interest rate on banks deposits should reach 14 percent, and the interest rate on lending should be about 20 percent.

We feel that the interest rates on long term deposits have been established, and they are expected to move upward to reflect the latest development in the financial market. However, it seems that the rise in the interest rates on banks deposits in Indonesia is not influenced by the foreign interest rates. It has been expected that the interest rates on banks deposits will be increased again in the second quarter of this year to keep pace with the high inflation rate. We also have take into consideration the economic and noneconomic factors that influence the domestic rates. The Bapindo [State National Development Bank] loan scandal case and the aftermath of the massive workers' demonstrations in Medan can also be considered as other influential factors to the rising country risk [preceding two words in English].

It is important that the government cautiously supervise the development of its macroeconomic policy, especially to ensure that the rate of inflation and the rate of depreciation remain stable. This is because the inflation rate has a strong influence on the deposit rates in the banking industry.

The government should create the monetary condition in the country such that it could be brought back to the position where it was in the beginning of this year, which would allow for credit expansion facilities. In this context, we feel that the monetary authorities should adopt

a transparent attitude toward the current upward trend in the interest rates on banks deposits.

Thailand

Warrants Issued for Iranians Involved in Truckbomb

BK2705032994 Bangkok *THE NATION* in English
27 May 94 p A5

[Text] Police yesterday issued arrest warrants for two Iranians allegedly involved in a foiled truck-bomb plot believed to have been aimed at the Israeli Embassy in March, Bangkok Metropolitan Police Chief Pol Lt Gen Chaisit Kanchanakit said. However, Chaisit admitted that it was not possible that the men were still in Thailand.

Mohammad Lotfollah and Hossein Shahriarifar, both about 40 years old, have been identified by police in connection with the plot. Police said they had asked Interpol to help.

"We still don't know where they are living but we are certain that they left the country through the southern border of Thailand," Chaisit said.

The plot was unveiled on March 17 when the owner went to claim his truck, which had been taken to Lumpini police station a week earlier.

Police then discovered a one-tonne water tank full of powdered ammonium nitrate, large quantities of C-4 plastic explosive wired to detonators and four 25-litre containers filled with diesel oil in the back of the truck.

The body of the man who delivered the truck to the alleged saboteurs was found in the water tank.

According to police, the truck had been stored at the police station since being involved in a minor accident at Phloenchit intersection, about 100 metres from the Israeli embassy, on March 11.

Defense Minister Welcomes U.S. Plan on Cambodia

BK2705055394 Bangkok *BANGKOK POST* in English
27 May 94 p 10

[Text] Defence Minister Wichit Sukmak yesterday welcomed a statement by a senior United States official that Washington would consult Thailand in deciding whether or not to provide military assistance to Phnom Penh to fight the Khmer Rouge.

"It's good that the US will also consult us," Gen Wichit told reporters at Government House.

He was responding to a statement made by Mr Kent Weidemenn, US deputy assistant secretary of defence,

during a visit to the Thai-Cambodian border last Tuesday to assess the Cambodian war's impact on Thailand.

Gen Wichit said he did not personally meet with Mr Weidemenn and so did not have the chance to exchange views with him. However, he was briefed on Thailand's position that military assistance to the Cambodian government to fight the Khmer Rouge would only perpetuate the war in Cambodia.

He also said Mr Weidemenn's visit to the border was useful in providing first hand information about the impact of the fighting inside Cambodia on Thailand.

France, Australia and the U.S. are considering a request by the Cambodian government to provide military assistance to fight the Khmer Rouge.

Foreign Minister Receives Cambodia's Son Sann

BK2605140194 Bangkok *Radio Thailand Network* in Thai 1200 GMT 26 May 94

[Text] Foreign Minister Squadron Leader Prasong Sun-siri spoke with newsmen after receiving Samdech Son Sann at the Foreign Ministry this morning. He said Samdech Son Sann currently holds the post of counselor to King Norodom Sihanouk. Son Sann is a senior Cambodian citizen, but now has no political involvement in Cambodia. His duty is merely to advise King Sihanouk. Prasong said Son Sann was on his way to a meeting in Paris and called on him as an old friend.

According to the foreign minister, Son Sann said the roundtable to be held in Pyongyang tomorrow will be a good way for the Cambodian leaders to exchange views. The leaders of various Cambodian factions are already in Pyongyang and the meeting will be chaired by Samdech Sihanouk. Prasong said Son Sann hopes that the meeting will be successful and will result in peace in Cambodia. Prasong said Son Sann understands Thailand's good wishes to see Cambodian people live in peace.

Asked by newsmen about the disappearance of two UN officials near the Cambodian border in Sisaket Province, the foreign minister said he received a report that the Suranari Force was searching for them. However, the missing officials reportedly surfaced in Phnom Penh. The Thai Embassy in Phnom Penh has been instructed to verify this development.

Prasong Reaffirms Plans To Visit Burma

BK2705055094 Bangkok *BANGKOK POST* in English
27 May 94 p 6

[Text] Foreign Minister Prasong Sun-siri yesterday reaffirmed an invitation for Burma to attend the ministerial meeting of the Association of Southeast Asian Nations, regardless of a warning letter from the Karen National Union (KNU) president.

"I have invited Burma and they have accepted the invitation. It's to bring them to the outside world," Sqn Ldr [Squadron Leader] Prasong said.

KNU president General Saw Bo Mya has asked ASEAN members not to invite Burma's military government to attend the Bangkok meeting in July.

Gen Bo Mya said the Karens would have problems if Burma was accepted as a member of ASEAN and the invitation was part of a bigger problem.

Sqn Ldr Prasong insisted he would not have contacts with the Karen leader because the Thai Government would only deal at government level.

"Gen Bo Mya is the opposite side to the Burmese government. We must have contact only with the Government," he said.

Gen Bo Mya said he had tried to contact Thai officials but they would not meet him. They gave no reason.

Official on Need To Monitor U.S. Farm Bill

BK2705094594 Bangkok BANGKOK POST in English 27 May 94 p 21

[Text] The Cairns group agreed in its latest meeting in Uruguay that the drafting of the United States Farm Bill in September should be monitored closely, according to secretary-general of the Agricultural Economics Office Phithiphong Phungbun na Ayutthaya.

He said yesterday that monitoring was necessary because of speculation that the US might resort to rice subsidies counter to the GATT agreement signed in Marrakech by GATT members including the US.

The Cairns group has assigned Canada and Australia to monitor the bill.

Deputy Prime Minister Suphachai Phanitchaphak proposed in Montevideo Uruguay, on May 19 and 20 that the agricultural policy of developed countries including the US, Japan and those in the European Union be monitored closely.

Developments on this issue must be reported promptly and the Cairns Group should ensure that developed countries refrain from using health regulations as trade protectionism in disguise, according to Thailand.

Thailand wants the group to push for trade in fishery products to be more liberalised under GATT.

Agreement Signed With SRV on Rice Marketing

BK2705005294 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 26 May 94

[Text] Thailand and Vietnam have signed an agreement to exchange information on rice production and marketing.

Deputy Commerce Minister Chaiyot Sasomsap and Vietnamese Deputy Trade Minister Nguyen Xuan Quang signed the agreement in Bangkok on behalf of their respective countries. It deals mainly with an exchange of information between the two countries on rice farming acreages, rice production, consumption, and exports, which will be done annually during November and December. They also agreed to an exchange of information every three months on rice marketing.

The Thai deputy commerce minister has accepted an invitation to visit Vietnam in November.

Prior to his meeting with the Thai deputy commerce minister, the Vietnamese deputy trade minister paid a courtesy call on Commerce Minister Uthai Phimchai-chon.

Bank of Thailand Governor Views Inflation

BK2705062294 Bangkok THE NATION in English 27 May 94 p B1

[Text] The Bank of Thailand may consider squeezing consumer credit to control inflation which may shoot beyond the target due to a combination of factors, Wichit Suphinit, the central bank governor, said yesterday.

He added that the Bank of Thailand may have to revise this year's projected economic growth and inflation rates due to the rise in crude oil prices in May.

Due to higher demand as the worldwide economic recovery continues and the breakout of a war between north and south Yemen, the price of crude has climbed to US\$16.30 per barrel, a 15 per cent rise compared to the start of the year.

The higher crude price could lead to higher inflation and affect growth as measures are taken to curtail inflation, he said.

The Bank of Thailand has projected this year's GDP growth at 8.2 per cent and inflation rate under 4.2 per cent.

He said the monetary authorities are considering controlling consumer credit to halt inflation.

In the first quarter, the credit of banks climbed to a high of 22.8 per cent compared to the same period last year and above the projected target of 21.7 per cent.

Without elaborating, the governor said the central bank did not want to see excessive speculation in stocks and land.

This is the point which the central bank is focusing on to keep inflation within the target, he said.

But he added that the curb on credit would not be drastic so as not to lead to higher interest rates. The manufacturing sector should not shoulder a higher cost of production, he said.

The Bank of Thailand is adopting an early stance in view of the world economy picking up next year in all categories which would spur the Thai economy, already performing well even with the previous worldwide economic doldrums.

Inflation in the first four months was higher than the target set by the central bank of 4.7 per cent. Inflation might have slowed down from March but was still high and of concern.

Banthit Nichathaworn, deputy director of the Research Department at the Bank of Thailand, said the only major concern was the price of crude.

The Omani price in May was up 18 per cent from \$12.8 per barrel in March to \$15.

The average in the first five months was \$13.7 per barrel which is lower than the projection of \$14.7 but there are signs that the crude price is rising faster.

This could lead to higher production costs in the second half of this year for the Thai economy.

The Bank of Thailand is closely monitoring the situation but is unclear about what the non-Opec member countries will do.

Vietnam

Further Reportage on National Assembly Opening

Radio Reports 26 May Session Events

BK2705085294 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 26 May 94

[Text] Dear friends: This morning, Thursday 26 May, the Ninth National Assembly's Fifth Session opened at the Ba Dinh Conference Hall in Hanoi. Before the session, the National Assembly deputies visited the Ho Chi Minh Mausoleum and laid a floral wreath.

Attending the opening session were party and state leaders Do Muoi, Le Duc Anh, and Vo Van Kiet; Pham Van Dong and Vo Chi Cong, advisers to the party Central Committee; and many senior revolutionary cadres. The opening session was also attended by members of diplomatic corps in Hanoi. After the ceremony to salute the national flag, National Assembly Chairman Nong Duc Manh opened the session. He said:

[Begin Nong Duc Manh recording] Today, the Fifth Session of the SRV's Ninth National Assembly begins its session. On behalf of the National Assembly Standing Committee, I wholeheartedly welcome and extend my wishes for the good health of the party and state leaders,

National Assembly deputies, distinguished guests, members of the diplomatic corps, international friends, and all people and friends present at this solemn opening session of the National Assembly. [applause]

Dear National Assembly deputies, in the past few months our national situation has experienced many positive changes. The socioeconomy has continued to stabilize and develop, creating the opportunity to achieve and overfulfill key targets in the 1994 duties outlined in the National Assembly resolutions. National defense and security have been maintained. Foreign relations and other areas have been making significant progress. Many legal documents and resolutions issued by the National Assembly have been implemented in real life, thereby positively serving the renovation undertaking.

This is the result of the efforts exerted by our entire party, people, and Army as well as the implementation of a foreign policy of openness to increase relations with countries in the region and expand relations with all the countries of the world, both near and far. This is also the result of the efforts exerted by the government, sectors, and echelons in their concentration on guidance and management for the successful implementation of targets set by the National Assembly resolutions.

We still face many difficulties, however, because of the slow process of overcoming long-term shortcomings and problems as well as the higher demands in the new development period. The new situation requires more and greater efforts on our part to fulfill the 1994 goals and duties outlined by the National Assembly resolutions.

The renovation undertaking requires the National Assembly to accelerate and heighten the quality of its legislative activities aimed at gradually building a uniform and complete legal system to serve the undertaking of national construction and protection effectively, maintain order and discipline, and truthfully carry out state and social management according to law. [end recording]

Chairman Nong Duc Manh clearly stated that in this session the main duty of the National Assembly is to examine and pass the labor code and five other laws. The five laws are: the revised law on the organization of people's councils and people's committees, the revised law on the election of people's councils, the law on the promotion of domestic investment, the law to levy a tax on the transfer of land use rights, and the law to revise and amend some articles of the Law on Military Obligation. The National Assembly will also offer its views on the planning of the civil law.

Also in this session, the National Assembly will hear a government report on the implementation of the National Assembly resolutions during the first half of this year. It will also consider supplementary government reports on the implementation of the National Assembly resolution on practicing thrift and fighting

waste, corruption, and smuggling; the allocation and execution of the state budget for 1994; the situation regarding foreign investment in Vietnam and the effectiveness of using investment capital; and our government's foreign relations activities during the first half of this year.

The National Assembly will examine reports by the National Assembly Standing Committee, the Supreme People's Court, the Supreme People's Organ of Control, the Nationality Committee, and other National Assembly committees on their activities during the first half of 1994.

On the basis of those reports, the National Assembly will discuss, analyze, and correctly evaluate the true national situation from the beginning of this year to the present in order to determine effective lines and measures to continue the successful execution of its duties in the second half of 1994.

In response to the state president, the National Assembly will consider and approve the 1982 UN Convention on the Law of the Sea. It will also consider, discuss, and decide on some other important issues.

Lastly, National Assembly Chairman Nong Duc Manh said:

[Begin Nong Duc Manh recording] Dear National Assembly deputies, the Ninth National Assembly's Fifth Session is opening at a time when people throughout the country are enthusiastically welcoming major national anniversaries in the 1994-95 period. Recently, our compatriots countrywide jubilantly marked the 40th anniversary of the Dien Bien Phu victory. This provided an occasion for our compatriots at home and abroad to review our glorious national history, uphold the national tradition of unmissiveness, further consolidate the universal solidarity bloc, and continue to take the renovation process to a higher stage of development. We also marked the 104th birthday of the great Uncle Ho. Once again, our compatriots and combatants nationwide became even more profoundly aware of Uncle Ho's distinguished services. Let us be determined to follow the socialist path chosen by our party, people, and Uncle Ho.

The resolutions of the seventh party congress and the midterm national party congress entrusted our entire party and people with new and important tasks. Let us grasp all advantages, overcome all dangers, and do all we can to serve the cause of national construction and defense and the task of making the people rich and the country powerful, as well as of bringing about social justice and civilization.

In view of the new situation, and as members of the highest-level organ of power, National Assembly deputies have a very heavy duty to fulfill; namely, building a law-governed Vietnamese state that truly belongs to, comes from, and works for the people. Acting in line with that spirit, I solemnly suggest that National

Assembly deputies develop democracy, contribute views, seek solutions, and suggest ways to carry out the agenda of the National Assembly successfully.

I would like to declare the Fifth Session of the SRV's Ninth National Assembly open. I wish the session success. Thank you, comrades and deputies. [applause] [end recording]

Dear friends, following Nong Duc Manh's opening speech to the National Assembly, Deputy Prime Minister Phan Van Khai delivered a report on behalf of the government and the prime minister on the fulfillment of the tasks for the first six months of 1994 as set forth by the National Assembly's resolutions, and on a number of important issues that need to be resolved in the days ahead to implement successfully the National Assembly's resolutions on the tasks for 1994. In evaluating the current situation, Deputy Prime Minister Phan Van Khai pointed out the following four outstanding traits:

1. The tempo of economic and financial growth of previous years continued to be maintained and developed in the first six months of 1994, thus producing relatively good progress in production, goods circulation, finance, money, and external economic relations. The growth rate than that of the same period in previous years.
2. Along with economic growth and an increase in the income of the vast majority of the population, cultural and social activities also made marked progress.
3. Our country's diplomatic relations continued to be broadened and strengthened in accordance with the need for multilateralization and diversification.
4. Changes for the better were made in the direction and supervision of the state management system.

Regarding the first outstanding trait, Deputy Prime Minister Phan Van Khai said:

[Begin Phan Van Khai recording] The fine economic and financial achievements of the past several years continued to be maintained and developed in the first six months of 1994, thus producing relatively good progress in production, goods circulation, finance, money, and external economic relations. The growth rate was higher than the same period in previous years. It is expected that the winter-spring grain output will reach a record volume of 1 million tons more than last year, an increase of 10 percent. The rural economy continued to show an increase in industrial and special crop yields as well as in the development of animal husbandry, aquaculture, and non-agricultural occupations. Industrial output in the first six months of the year increased by 12 percent over the same period last year. The target set for the whole year was 11 percent.

With the relatively harmonious development of various economic elements, cities, and industrial centers, a number of major electrical power and transport projects have been completed and put in use. These include the

last group of generators of the Hoa Binh Hydroelectric Plant, the electrical power plant in Ba Ria, the 220-kilovolt power grid of Ba Ria-Long Binh, the road section from North Thang Long to Noi Bai, and so forth,

The most significant project, the 500-kilovolt power grid, has been completed on schedule following two years of construction despite countless difficulties and obstacles. It reflects a high level of effort by all parties involved to ensure stable and safe operations. Experimental operation started on 20 May and the network will be officially switched on by early June to carry electricity from north to south, an indication of mutual development in the national economy and people's lives.

The increase in export value was estimated at 27 percent; the target was 20 percent. Import value increased by 23.4 percent. The amount of official development aid, or ODA, signed in the first quarter of this year nearly doubled compared to all of 1993. Direct foreign investment projects licensed in the first six months may reach a total of \$2 billion in registered capital, or two-thirds of all of last year. The amount of capital actually put in use increased by 60 percent over the same period last year.

Total retail merchandise sales were estimated to increase by 37.6 percent to respond to the diversified demands of the people, who now have better incomes and purchasing power. The transportation of goods and passengers, services for domestic and international tourists, and other services have proceeded to new heights. The retail sales index of goods and service for the first four months of the year increased by 5.4 percent, mainly due to an increase in the price of food staples during the Tet festival. Prices have returned to normal since March.

According to reports from the Statistics General Department, the consumer goods index in May 1994 increased by 0.6 percent over April; food staples increased by 1.1 percent, non-food goods by 0.2 percent, and services by 0.4 percent. If we compare May 1994 with December 1993, the price index has increased by 6 percent; food staples have increased by 11.1 percent, other goods by 1 percent, and services by 5.9 percent. In short, prices this year increased more rapidly than the same period last year, though the increase mainly affected food staples, a trend that suits the government's policy of not letting the price of food staples fall too low.

Domestic budget expenditures were planned to increase by 50 percent over the same period last year. The annual increase was planned at 31.5 percent. Phase two of the new wage policy, which would introduce an increase of 25 percent to the wage fund, has been developed since early this year in a way that will not cause sudden changes in prices or strain the cash flow, and will ensure smooth monetary circulation. The exchange rates and gold price did not suffer any sudden fluctuations. The credit system was significantly expanded, and the balance surplus was estimated to increase by 23 percent over late 1993.

The rate of credit loans to the non-state sector—mainly to farming households—increased from 30 percent in 1993 to 40 percent in first half of this year. [end recording]

In the second part of his report, Deputy Prime Minister Phan Van Khai outlined the major tasks that need intensive guidance in the last six months of the year. These tasks are:

1. To continue to maintain a healthy and stable financial and monetary market with the main aim of balancing the budget.
2. To ensure the constant progress of major projects and create conditions to increase investment in various economic sectors.
3. To expand external relations and external economic activities.
4. To continue to implement the National Assembly resolution on practicing thrift and fighting waste, corruption, and smuggling.
5. To widen and improve the efficiency of scientific, educational, cultural, and social activities.
6. To speed up economic reform in tandem with administration reform.

In the last part of his report, Deputy Prime Minister Phan Van Khai commented that after the first half of 1994, reality clearly shows that opportunities and risks are entangled. This requires new actions for a new stage of development.

Deputy Prime Minister Phan Van Khai affirmed:

[Begin Phan Van Khai recording] As a result of good socioeconomic development, the cultural and physical lives of our people have been improved to a higher level. The vitality of the society has been enhanced, as demonstrated by the strong progress of many business establishments, entrepreneurs, and families in both urban and rural regions and plains and highland regions. This strength can be further developed along with the wider and more in-depth continuation of renovation, the most concrete task of which is to combine economic reform with administration reform. This is the foundation for the effective motivation of all outside sources.

In the new situation, the implementation of the policy of the great national unity bloc will reach a higher level of importance, with a concrete step being the upcoming conference of the Vietnam Fatherland Front. This conference will motivate the talents and manpower sources of all Vietnamese—domestic and overseas alike—to contribute to the undertaking of building the fatherland. It will surely bring great potential toward accomplishing the objectives of a rich people, powerful country, and equitable and civilized society.

The government, National Assembly, Fatherland Front, and other mass organizations should endeavor in their positions and responsibilities to organize, encourage, guide, and help the people strive to fulfill and exceed all

targets and duties for 1994 as stipulated by the resolutions of the National Assembly, thus preparing well for 1995 and later years. [end recording]

Dear friends, after listening to the government report, the National Assembly continued its work and heard the following reports:

- Tran Dinh Hoan, minister of labor, war invalids, and social welfare, read a report on behalf of the government on the draft labor code.
- Bui Ngoc Thanh, vice chairman of the National Assembly's Committee for Social Issues, read an investigative report on the draft labor code.
- Finance Minister Ho Te read a report on behalf of the government on the draft law on land use transfer tax.
- Tran Van Nhan, vice chairman of the National Assembly's Economic and Budget Committee, read an investigative report on the draft law on land use transfer tax.

This afternoon, the National Assembly deputies met for group discussions to prepare for the plenary discussion on the draft labor code.

The National Assembly will resume its work in the conference hall tomorrow morning.

VNA Cites Phan Van Khai Report

BK2705022594 Hanoi VNA in English 1428 GMT 26 May 94

[All quotation marks as received]

[Text] Hanoi VNA May 26—Deputy Prime Minister Phan Van Khai on behalf of the government presented a report on the implementation of the socio-economic tasks in the first six months of 1994, and orientations for socio-economic development in the coming time, at a regular session of the National Assembly opening here this morning.

The report notes that the positive financial and economic changes of the past few years have been sustained, which brought about rather comprehensive progress in the fields of economic production, goods circulation, finance-monetary and foreign trade with a higher growth rate compared with the corresponding period in the past few years.

'The winter-spring crop is expected to achieve the highest output so far, up one million tonnes compared with last year (or an increase of 10 per cent), the agricultural economic structure has initially reformed to the direction of increasing the rates of industrial crops especially trees, animal breeding, particularly aquaculture and non-farming occupations.

'The industrial production in the period under review is expected to increase 12 per cent compared with the same period last year (the target put forth for the whole year is 11 per cent), with the synchronous development of all economic sectors, of cities and industrial zones'...

...'The export value is estimated at an increase of 27 percent (seven per cent higher than the yearly target), import value is expected to increase 23.4 percent. The foreign Official Development Aid (ODA) sources signed in the first quarter of this year has doubled the 1993 amount.

The direct foreign investment projects licensed in the first half of 1994 had a total legal capital of USD 2 billion, or two-thirds of last year's figure...

'The total value of retail sales is expected up by 37.6 per cent, meeting the diversified demands of the population with higher incomes and consumption power. Goods and passengers transportation, domestic and international tourism, and other services have broadened rapidly. Price indexes of retail sale and service in the first fourth months of this year increased 5.4 per cent, mainly for food and foodstuffs during Tet holidays. But since March the prices have returned stability'.

The report also notes that 'with economic growth and the income increase of a major part of the population, socio-cultural activities have been improved remarkably'.

'The external relations of the country continue to be broadened and strengthened in the direction of multilateralization and diversification. The exchange of visits made by high-ranking leaders of Vietnam and other countries, especially those in the region has contributed to the promotion of mutual understanding, and enhancement of multisided cooperation. After the resumption of relations of international monetary and financial organizations with Vietnam, the lifting of the US trade embargo against Vietnam in early this year has created new, favourable conditions for the process of normalization of relations between Vietnam and the US, thereby pushing up the cooperative relations between Vietnam and other countries as well as international organizations.

'Vietnam's international relations have been developing rather quickly in a positive trend, thus making contributions to the environment of peace, stability and cooperation for national defence and construction. However, there have been complicated developments in our border areas, the most outstanding of which are recent violations of our country's exclusive economic zones and continental shelf, and the developments in Cambodia include many worrisome factors.

On major issues to be settled in the second half of this year, Deputy Prime Minister Phan Van Khai said that great efforts should be made to continue to make the country's finance and monetary system healthy and stable, to keep the state budget balance, to control the inflation rate at single digit increase, to ensure the construction progress of major projects and create more conditions to promote investment of all economic sectors.

On the broadening of external relations and economy, Vice P.M. Khai said that 'complicated and sensitive external relations require us to be more vigilant, dynamic and creative in the implementation of a foreign policy of independence and sovereignty to bring into full play the strength of the entire nation in combination with international strength in order to cope with current challenges, and take advances to opportunities to step up industrialization and modernization of the country'. [sentence as received]

Mr. Khai went on: 'We are actively settling outstanding issues and disputes with some countries through peaceful negotiation. We are ready to proceed to normalization with the united states, to join ASEAN and enter into multi-sided cooperation in the Pacific region, and at the same time to continue consolidating and expanding cooperative ties with all countries and international organizations.

'Together with the enhancement of state-level relations it is necessary to develop cooperative ties in the economic, scientific and technical, cultural fields, expand cooperation with non-governmental organizations, and people to people contacts and enhance foreign information service'.

Mr. Khai said that the government is preparing an overall project for developing external economy in the new situation, and he pointed out some tasks to be done from now to the end of the year. These tasks include guiding the implementation of new regulations on managing and distributing the Official Development Assistance (ODA) from foreign countries, improving the environment and attracting direct foreign investment, actively implementing the National Assembly's resolution on practice thrift, fighting against corruption and smuggling, effectively expanding and raising the quality of scientific, educational, cultural and social welfare activities, and pushing up economic reforms in combination with administrative reforms.

Assembly Issues Communiqué No. 1

BK2605154894 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 26 May 94

[Communiqué No. 1 of the Office of the National Assembly]

[Text] The fifth session of the Ninth National Assembly of the Socialist Republic of Vietnam [SRV] opened solemnly on the morning of 26 May 1994 at the Ba Dinh Conference Hall in Hanoi. Prior to the session, National Assembly deputies paid a floral tribute to President Ho Chi Minh at his mausoleum.

Attending the session were General Secretary of the Communist Party of Vietnam [CPV] Central Committee Do Muoi, advisers to the party Central Committee Pham Van Dong and Vo Chi Cong, President of the State Le Duc Anh, Prime Minister of the Government Vo Van Kiet, National Assembly Chairman Nong Duc Manh,

many high-ranking party and state officials, and a number of veteran revolutionaries and National Assembly deputies of the previous legislatures. Also attending the session were many members of the diplomatic corps and representatives of international organizations in Hanoi and local and foreign press agencies.

At 0830 sharp, the military band played the national anthem. Following the opening speech by National Assembly Chairman Nong Duc Manh, the deputies heard the following reports:

- Deputy Prime Minister Phan Van Khai delivered a report on efforts to fulfill the tasks for 1994 in accordance with the National Assembly's resolutions;
- Minister of Labor, War Invalids, and Social Welfare Tran Dinh Hoan delivered a report on the reception of views solicited from the people to perfect the draft labor code;
- Bui Ngoc Thanh, deputy chairman of the National Assembly Social Welfare Committee, delivered an investigative report on the draft labor code;
- Ho Te, minister of finance, delivered a report on the draft law on tax levied on the transfer of the right of land use; and
- Tran Van Nhan, deputy chairman of the National Assembly Economic and Budget Committee, delivered an investigative report on the draft law on tax levied on the transfer of the right of land use.

In their afternoon's discussions, the National Assembly deputies exchanged views on the draft labor code.

Tomorrow, 27 May, the National Assembly will hold a plenary session in the conference hall to discuss the draft of the aforementioned labor code.

Spokesman Denies Dissident on Hunger Strike

BK2705013594 Hong Kong AFP in English 1134 GMT 26 May 94

[Text] Hanoi, May 26 (AFP)—Vietnam denied Thursday that a leading political dissident was on a hunger strike to protest harsh prison treatment. The US Human Rights/Asia Watch organisation said Tuesday that professor Doan Viet Hoat went began a hunger strike in April after being put in chains at a reeducation camp in northern Vietnam for refusing forced labour.

A Foreign Ministry spokesman said Thursday that Hoat was not on hunger strike, had not been forced to work and had not been treated any differently than other prisoners. But the spokesman confirmed that Hoat, former vice-rector of the Van Anh Buddhist University, had been transferred to another prison camp closer to the Laos border.

"This is a normal transfer under Vietnamese law," he told AFP. But Asia Watch maintains that the camp, Thanh Cam, is for hardened criminals.

Hoat, who suffers from serious kidney problems, was being held in Ba Sao prison camp, south of Hanoi, before

his transfer. Asia Watch expressed concern for his health since he had been put in chains. It also said Hoat's wife had been refused permission to see him.

The spokesman said the reports were untrue and maintained that Hoat was in normal health. Hoat was jailed for 15 years in July 1993 for activities "violating Vietnam's penal code."

On Tuesday, Hanoi denied reports that four Buddhist monks, jailed following violent incidents in Hue a year ago, were on hunger strike at a reeducation camp in the southwest.

VNA Rejects 'False' Report by Japanese Daily

BK2705021294 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 26 May 94

[Text] The Japanese newspaper SANKEI SHIMBUN on 25 May carried a report saying that Vietnam had signed a secret contract to supply weapons to Cambodia through the former cadres of the Phnom Penh administration and that the Vietnamese side promised to provide a sufficient amount of weapons as required. The VIETNAM NEWS AGENCY is authorized to reject the aforementioned false report.

Lao Army Delegation Concludes Visit, Departs

BK2705025694 Hanoi VNA in English 1511 GMT 26 May 94

[Text] Hanoi VNA May 26—A delegation of the General Political Department of the Lao People's Army (LPA) led by Sr. Lt. Gen Siphon Phalikhhan, member of the Lao People's Revolutionary Party (LPRP) Central Committee, vice minister of national defense and chairman

of the LPA General Political Department, left here this morning, concluding its visit to Vietnam.

While here, the Lao Army delegation was received by President Le Duc Anh. It had working sessions with officers from the General Political Department of the Vietnam People's Army.

The delegation also exchanged experience with some Army units in political works.

National Assembly Chairman Meets German Minister

BK2705025894 Hanoi VNA in English 1502 GMT 26 May 94

[Text] Hanoi VNA May 26—National Assembly Chairman Nong Duc Manh received at the Presidential Palace here this afternoon German Minister of Cooperation and Development Carl-Dieter Spranger who is on a working visit to Vietnam.

German Ambassador K. Kraemer was present at the reception.

Chairman Nong Duc Manh expressed his thanks to the Federal Republic of Germany for its assistance to Vietnam in national construction and development. He also expressed his hope that Germany would continue supporting to [as received] and cooperating with Vietnam in many fields in the coming years.

Minister Dieter expressed his rejoice at the achievements recorded by the Vietnamese people in their renovation process. He noted that the relations of cooperation between Vietnam and Germany are meeting with favourable condition because Vietnam has the highest number of German speaking people compared with other Southeast Asia countries.

Australia

Minister Welcomes Renewal of PRC MFN Status

*BK2705060094 Melbourne Radio Australia in English
0500 GMT 27 May 94*

[Text] President Clinton's decision to renew China's favored trading status has been welcomed by American business groups, but condemned by human rights organizations.

Australia's foreign minister, Gareth Evans, has also welcomed the announcement and the decision to remove the link between China's trade status and human rights issue. Senator Evans said it was unlikely that the withdrawal of Most Favored Nation status would have significantly advanced the human rights cause in China.

[Hong Kong AFP in English at 0535 GMT on 27 May, in a similar report, adds: "Canberra said pressure on China to make human rights improvements in order to get MFN status again had appeared counterproductive, with change in China being more grudging than it might otherwise have been. 'Trade and investment is playing a catalytic role in China's economic reform through the introduction of ideas, capital, technology and foreign exchange,' Evans said. Economic growth and liberalisation would 'generate their own momentum for political liberalisation,' he said. 'The Australian Government agrees with President Clinton's sentiment that, if we are serious about improving human rights, the best path is now to intensify and broaden engagement between the US and China,' Evans said.

["In a statement echoing the view of trade analysts here, opposition trade spokesman Tim Fischer said the US decision was correct and that withdrawal of MFN status would have threatened Australia's trade, especially in wool. 'China has been extremely successful in value-adding to its purchases of Australian wool and in marketing woollen clothing in the US. This outcome is clearly a breakthrough for US trade policy that was showing signs of faltering, and will be welcomed by Australia's wool growers.'"]

Defense Minister Rules Out Troops for Rwanda

*BK2405070894 Hong Kong AFP in English 0646 GMT
24 May 94*

[Text] CANBERRA, May 24 (AFP)—Australia has decided against sending troops to Rwanda until their safety can be reasonably assured, Defence Minister Robert Ray said Tuesday. Ray told an upper-house Senate estimates committee that UN progress towards setting in place preconditions under which Australia would send troops was "not encouraging".

Australia wanted to see from the UN a proposal for a clear and viable mission with a set timetable and the creation of a political process to resolve the situation in Rwanda, he said.

The UN asked Australia to contribute about 300 troops to a peace-keeping mission, nominating a number of specialist areas, including movement control officers, engineers, signallers and medical teams.

Ray said Australia was sympathetic to the problems of Rwanda, which has been ravaged by tribal fighting. But the deployment of any Australian troops and their security remained a crucial issue and if Australia sent a 180-member engineering unit, it would most likely have to be accompanied by a rifle company of about 120 soldiers for protection.

"If I cannot be assured of their protective security, we don't send them in," he said. "We are intensely disturbed and moved by what is happening in Rwanda. But the response has to be one that will work. If you take the wrong course, you will just make matters worse."

Aid groups estimate half a million people, mostly Tutsis, have died in the bloodbath that erupted on April 6.

Ray also said the government was considering a request from the Cambodian government for military assistance, a request made of several other unnamed countries as well.

Minister Ray Criticizes UN Chief

*BK2705015294 Melbourne Radio Australia in English
0100 GMT 27 May 94*

[Text] Australia's defense minister, Robert Ray, has hit out at the United Nations for failing to come up with a workable plan for Rwanda. Senator Ray said a UN force in Rwanda could be a total disaster unless it has a well defined mandate.

The defense minister was responding to the UN secretary general, Butrus Butrus-Ghali, who said the failure of the international community to confront genocide in Rwanda was a scandal.

[Begin Ray recording] It could well be a criticism of us and let me be equally critical of he and his colleagues, who had not come up with a workable plan. No one is about to risk lives where the lives are risked through poor planning, poor logistics, and poor sense of mission. [end recording]

Sen. Ray said as a good world citizen, Australia would look at contributing troops to a peacekeeping force in Rwanda. However, Sen. Ray it is up to the UN to propose a mission based on a feasible political solution, a clear mandate, and a clear timetable.

Analysts Doubt Government Forecasts on Upturn

*BK2505153594 Hong Kong AFP in English 0718 GMT
25 May 94*

[Text] Sydney, May 25 (AFP)—Australian government forecasts for rapid economic growth were thrown into doubt Wednesday as official data unexpectedly showed a slump in business investment, analysts said.

Handing down his budget for the year to June 30, 1995, Australian Treasurer Ralph Willis said on May 10 that a surge in business investment—forecast at 14.6 percent for 1994-95—was “crucial” to his forecasts of economic growth. But the Australian Bureau of Statistics reported Wednesday that private capital expenditure fell 5.4 percent in the three months to March 31 to a seasonally adjusted 5.884 billion Australian dollars (4.2 billion US). The median market forecast had been for a rise of 5.0 percent.

“The government’s whole economic strategy is based on very, very poor foundations altogether,” said Societe Generale Australia’s chief economist, Ivana Bottini.

“They recognised that the big weakness was business investment and they did absolutely nothing to promote business investment in the budget—they assumed it would just magically improve,” she said.

In raw terms, the bureau predicted a six percent rise in private sector capital spending in 1994-95 from the 1993-94 estimate of 27.452 billion dollars. That rise depended on actual capital spending exceeding latest private sector expectations by about 10 percent. This had occurred during 1992-93 and was likely to happen in 1993-94, the bureau said.

“On the face of it, even the expectations data for 1994-95 appear likely to fall short of the rosy outlook in the budget forecasts for a 14.5 percent increase in investment,” said Stephen Koukoulas, senior economist at Citibank Australia.

“These figures suggest that the budget forecasts for business investment are very optimistic.”

Willis insisted his forecasts remained intact because actual business investment in the next financial year would outstrip private sector expectations by more than the bureau’s forecasts.

“With economic conditions continuing to improve and with general business confidence remaining extremely high,” he said, the difference between actual investment and business expectations “can be expected to increase.”

Bottini, however, said Australia would be doing well to achieve a six percent rise in business investment 1994-95.

Treasurer Defends Budget Forecast

*BK2705051594 Melbourne Radio Australia in English
0100 GMT 27 May 94*

[Text] The treasurer, Ralph Willis, says budget forecasts will be met despite a slump in quarterly figures. His comments follow the release of statistics showing a drop of 5 percent in the March quarter.

Mr. Willis said budget predictions for business investment growth are on target and expectations of investment in 1993-94 are virtually unchanged. Mr. Willis said

all that has happened is that investment is happening in the June quarter rather than the March quarter.

[Begin Willis recording] Capital expenditure figures showing a 5 percent fall in the March quarter have produced predictably alarmist headlines, and fear-mongering comments from the perennial pessimists and political opportunists. We do not accept these figures warrant such interpretation. [end recording]

Fiji

Military Exercises With France End 27 May

*BK2705094294 Hong Kong AFP in English 0750 GMT
27 May 94*

[Text] Noumea, May 27 (AFP)—The second round of Franco-Fijian military exercises ended Friday in Fiji and New Caledonia, military sources said here. For the second year in a row, 35 Fijian soldiers were integrated for 12 days in France’s Pacific marine infantry regiment, based in Noumea, and carried out various maneuvers. At the same time, a group of French soldiers from the regiment went to Fiji to take part in similar exercises. Transportation was carried out by the French, as the Fijians have no air force.

The French military commander here, General Rene Delhome, said military cooperation with Fiji would be stepped up in the future.

No Independent Head for Constitution Review

*BK2705064394 Melbourne Radio Australia in English
0500 GMT 27 May 94*

[Text] Fiji’s review of its racially biased constitution will not be headed by an independent commissioner. Fiji’s cabinet this week decided that only Fiji nationals will sit on the 11-member commission drawn from all the political parties. The opposition parties had demanded an independent head to review the constitution which discriminated against Fiji Indians giving them only 27 seats in the 70-seat parliament. The commission’s final report is due by the end of 1996.

Kiribati

Government Falls Over Charge of Funds Misuse

*BK2605085794 Hong Kong AFP in English 0802 GMT
26 May 94*

[Text] AUCKLAND, May 26 (AFP)—The government of one of the world’s smallest states, the central Pacific republic of Kiribati, has fallen amid claims of misuse of public funds by a cabinet minister, according to a broadcast report Thursday.

A Council of State has taken over the day-to-day running from President Teatao Teannati moved out of the presidential residency hours after he fell from power, the state-owned Broadcasting and Publications Authority said.

In the 36-seat Maneaba-ni-Maungatabu, the assembly, the ruling National Progressive Party suffered a defeat, 21-19, when the opposition moved to set up a select committee to investigate the misuse of public funds.

Opposition Maneaba Party MP Teburoro Tito claimed funds had been misused in hotel accommodation, transport, entertainment and gifts.

In an attempt to settle the situation, Vice-President Taomati Iuta proposed setting up a commission of inquiry, instead of a parliamentary committee, but this also was defeated. Speaker Beretitara Neeti then dissolved parliament. He now sits in the interim Council of State along with the chief justice and the chairman of the Public Service Commission.

Under the constitution, general elections are expected to take place by August. Elections are normally held every four years and another was not due until next year.

Kiribati, the former British colony of the Gilbert Islands, consists of 33 islands scattered over five million square kilometers (two million square miles) in the Pacific Ocean.

Its 68,000 people, known as "I-Kiribati," are predominantly Micronesian. The word Kiribati is the closest local pronunciation that the 13-letter island alphabet could manage for Gilbert.

Its capital atoll, Tarawa, was virtually flattened by the Americans when they landed marines there in 1943 to dislodge Japanese forces, who had taken over most of the Gilberts.

The largest coral atoll in the world, Kiritimati or Christmas, was used for atmospheric nuclear testing by Britain and the United States in the 1950s and 1960s.

The Maneaba-ni-Maungatabu includes a seat for Banaba or Ocean Island although British phosphate mining all but destroyed the island and most of its people have been resettled in Fiji.

Council of State Takes Over

*LD2605092994 Melbourne Radio Australia in English
0700 GMT 26 May 94*

[Text] The Council of State that took over the administration of Kiribati after the fall of the government on Tuesday [24 May] has called on all people to remain calm. Chairman (?Tekaria Tamuera) says the council will honor all agreements signed by the former government and will continue all government programs until a new president is installed.

The Council of State consists of the speaker of the parliament, the chairman of the Public Service Commission, and the Chief Justice. Radio Kiribati says it's not known at this stage when the general elections will be held, but the constitution demands that they must take place within three months of the dissolution of parliament.

Vanuatu

Parties' No-Confidence Motion Ruled Out of Order

*BK2605112794 Hong Kong AFP in English 1037 GMT
26 May 94*

[Text] PORT VILA, May 26 (AFP)—Vanuatu opposition parties tried to pass a no-confidence motion Thursday but were ruled out of order by the parliament's speaker.

Speaker Alfred Masing said the motion was not in order because the constitution stipulated that at least one week's notice must be given and the required seven days had not expired. Masing closed parliament and said the motion would be in order at the next available time slot on Tuesday.

All four opposition parties, however, insisted notice of the motion had been hand-delivered to Masing on May 18, with one party saying it had a copy of the motion bearing the speaker's stamp with that date.

Opposition sources said the 14-point no-confidence motion accused Prime Minister Maxime Carlot and his government of being "incapable of managing and managing the affairs of the state."

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